

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

SCHEDULE TO

**(Rule 13e-4)
Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934**

Regulus Therapeutics Inc.
(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, \$0.001 Par Value Per Share
(Title of Class of Securities)

75915K 200
(CUSIP Number of Common Stock Underlying Class of Securities)

**Joseph P. Hagan
President and Chief Executive Officer
Regulus Therapeutics Inc.
10614 Science Center Drive
San Diego, CA 92121
(858) 202-6300**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications On Behalf of Filing Person)

Copies to

**Thomas A. Coll, Esq.
Kenneth J. Rollins, Esq.
Cooley LLP
4401 Eastgate Mall
San Diego, California 92121
(858) 550-6000**

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$711,382	\$86.22

- * Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the Transaction Valuation assumes that all stock options to purchase shares of the issuer's common stock that may be eligible for exchange in the offer will be tendered pursuant to this offer. These stock options covered an aggregate of 915,009 shares of the issuer's common stock, and had an aggregate value of \$711,382 as of October 12, 2018, calculated based on a Black-Scholes option pricing model.
- ** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$121.20 per \$1,000,000 of the aggregate amount of the Transaction Valuation (or 0.01212% of the aggregate Transaction Valuation). The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.
- Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.

Filing Party: Not applicable.

Form or Registration No.: Not applicable.

Date Filed: Not applicable.

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.

- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 - Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)
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Item 1. Summary Term Sheet.

The information set forth under “Summary Term Sheet—Overview” and “Summary Term Sheet—Questions and Answers” in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the “Exchange Offer”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

Item 2. Subject Company Information.

(a) *Name and Address.* The issuer is Regulus Therapeutics Inc., a Delaware corporation (the “Company”). The Company’s principal executive offices are located at 10614 Science Center Drive, San Diego, CA 92121 and the telephone number of its principal executive offices is (858) 202-6300.

(b) *Securities.* This Tender Offer Statement on Schedule TO relates to an offer by the Company to certain eligible optionholders, subject to specified conditions, to exchange some or all of their outstanding options to purchase shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), for new restricted stock units.

An optionholder will be eligible to exchange their options (an “Eligible Holder”) if:

- on the date the Exchange Offer commences, either the optionholder is employed by the Company (each, an “Employee”) or is a non-employee member (each, a “Non-Employee Director”) of the board of directors of the Company and has not been notified by the Company that such optionholder’s employment or service relationship with the Company is being terminated; and
- such optionholder continues to be an Employee or serve as a Non-Employee Director and has not submitted a notice of resignation or received a notice of termination, as of the first business day following the Expiration Time (as defined in the Exchange Offer).

An option will be eligible for exchange (an “Eligible Option”) if it:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$4.56 (and an exercise price greater than the closing price of the Common Stock on the last business day before the Expiration Time); and
- was granted under the Company’s 2009 Equity Incentive Plan, 2012 Equity Incentive Plan or 2015 Inducement Plan.

As of October 12, 2018, there were options to purchase 1,133,823 shares of Common Stock outstanding and Eligible Options to purchase 915,009 shares of Common Stock outstanding.

Pursuant to the Exchange Offer, in exchange for the cancellation of an Eligible Option, the Company will grant a new restricted stock unit (each, a “New RSU”) following the Expiration Time subject to the terms and conditions described in the Exchange Offer and in the related accompanying Election Form, attached hereto as Exhibit (a)(1)(C).

The information set forth in the Exchange Offer under “Summary Term Sheet—Overview,” “Summary Term Sheet—Questions and Answers,” Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”), Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) and Section 7 (“Price Range of Our Common Stock”) is incorporated herein by reference.

(c) *Trading Market and Price.* The information set forth in the Exchange Offer under Section 7 (“Price Range of Our Common Stock”) is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) *Name and Address.* The Company is both the filing person and the subject company. The information set forth under Item 2(a) above and in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) are incorporated herein by reference. The address of each of the Company’s executive officers and directors, as follows, is 10614 Science Center Drive, San Diego, CA 92121:

Executive Officers	Title
Joseph P. Hagan	President, Chief Executive Officer and Director
Timothy Wright, M.D.	Chief Research & Development Officer
Daniel R. Chevallard	Chief Financial Officer

Non-Employee Directors

Stelios Papadopoulos, Ph.D.	Chairman of the Board
David Baltimore, Ph.D.	Director
Kathryn J. Collier	Director
William H. Rastetter, Ph.D.	Director
Hugh Rosen, M.D., Ph.D.	Director
Pascale Witz, MBA, MSc	Director

Item 4. Terms of the Transaction.

(a) *Material Terms.* The information set forth in the Exchange Offer under “Summary Term Sheet—Overview,” “Summary Term Sheet—Questions and Answers,” Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”), Section 3 (“Procedures for Tendering Eligible Options”), Section 4 (“Withdrawal Rights”), Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”), Section 6 (“Conditions of the Exchange Offer”), Section 8 (“Information Concerning Us; Financial Information”), Section 10 (“Accounting Consequences of the Exchange Offer”), Section 11 (“Legal Matters; Regulatory Approvals”), Section 12 (“Material United States Tax Consequences”), and Section 13 (“Extension of the Exchange Offer; Termination; Amendment”) is incorporated herein by reference.

(b) *Purchases.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) *Agreements Involving the Subject Company’s Securities.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference. The documents incorporated herein by reference as Exhibit (d)(1) through Exhibit (d)(17) also contain information regarding the subject company.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) *Purposes.* The information set forth in the Exchange Offer under Section 2 (“Purpose of the Exchange Offer; Additional Considerations”) is incorporated herein by reference.

(b) *Use of Securities Acquired.* The information set forth in the Exchange Offer under Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) is incorporated herein by reference.

(c) *Plans.* The information set forth in the Exchange Offer under Section 2 (“Purpose of the Exchange Offer; Additional Considerations”) is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) *Source of Funds.* The consideration used in the Exchange Offer will be New RSUs. The information set forth in Item 4(a) above is incorporated herein by reference.

(b) *Conditions.* Not applicable.

(d) *Borrowed Funds.* Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) *Securities Ownership.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

(b) *Securities Transactions.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or recommendations.* Not applicable.

Item 10. Financial Statements.

(a) *Financial Information.* The information set forth in Item 15 (“Exhibits, Financial Statement Schedules”) of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on March 8, 2018, which is incorporated herein by reference; the information set forth in Item 1 (“Financial Statements”) of the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2018, filed with the Securities and Exchange Commission on May 10, 2018, which is incorporated herein by reference; the information set forth in Item 1 (“Financial Statements”) of the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2018, filed with the Securities and Exchange Commission on August 9, 2018, which is incorporated herein by reference; the financial information contained in the Exchange Offer under Section 8 (“Information Concerning Us; Financial Information”) including Schedule A to the Exchange Offer; and Section 15 (“Additional Information”) of the Exchange Offer is incorporated herein by reference. See Section 15 (“Additional Information”) of the Exchange Offer for more information regarding how to obtain copies of or otherwise review such reports. The book value per share of the Common Stock as of June 30, 2018, was \$1.20 (as adjusted for the 1-for-12 reverse stock split of the Common Stock effective on October 3, 2018).

(b) *Pro Forma Information.* Not applicable.

Item 11. Additional Information.

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

- (1) The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.
- (2) The information set forth in the Exchange Offer under Section 11 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.

(c) *Other Material Information.* Not applicable.

Item 12. Exhibits.**Exhibit
No.****Description**

(a)(1)(A)	Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018
(a)(1)(B)	Form of Email Announcement of Offer to Exchange
(a)(1)(C)	Election Form
(a)(1)(D)	Notice of Withdrawal of Election Form
(a)(1)(E)	Form of Communication to Eligible Holders Participating in the Exchange Offer Confirming Receipt of Election Form
(a)(1)(F)	Form of Communication to Eligible Holders Confirming Receipt of Notice of Withdrawal of Election Form
(a)(1)(G)	Form of Reminder Email to Eligible Holders
(a)(1)(H)	Form of Confirmation Letter to Eligible Holders Participating in the Exchange Offer
(a)(1)(I)	Form of Email to Eligible Holders Regarding Final Exchange Ratios
(a)(1)(J)	Form of RSU Grant Notice and Agreement for RSUs Granted under Offer to Exchange Program (Employees)
(a)(1)(K)	Form of RSU Grant Notice and Agreement for RSUs Granted Under Offer to Exchange Program (Non-Employee Directors)

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- (a)(1)(L) [Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on March 8, 2018 and incorporated herein by reference](#)
 - (a)(1)(M) [Quarterly Report on Form 10-Q for the period ended March 31, 2018, filed with the Securities and Exchange Commission on May 10, 2018 and incorporated herein by reference](#)
 - (a)(1)(N) [Quarterly Report on Form 10-Q for the period ended June 30, 2018, filed with the Securities and Exchange Commission on August 9, 2018 and incorporated herein by reference](#)
 - (b) Not applicable
 - (d)(1) [2012 Equity Incentive Plan and Form of Stock Option Agreement and Form of Stock Option Grant Notice thereunder.](#)
 - (d)(2) [Form of Indemnity Agreement between the Registrant and its directors and officers \(incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1, as amended \(File No. 333-183384\), originally filed with the SEC on August 17, 2012\).](#)
 - (d)(3) [Regulus Therapeutics Inc. 2009 Equity Incentive Plan, as amended, and Form of Stock Option Grant Notice, Option Agreement and Form of Notice of Exercise \(incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1, as amended \(File No. 333-183384\), originally filed with the SEC on August 17, 2012\).](#)
 - (d)(4) [Non-Employee Director Compensation Policy, as amended \(incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K \(File No. 001-35670\), filed with the SEC on March 3, 2017\).](#)
 - (d)(5) [2012 Employee Stock Purchase Plan \(incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on August 17, 2012\).](#)
 - (d)(6) [Regulus Therapeutics Inc. Inducement Plan and Form of Stock Option Grant Notice, Form of Stock Option Agreement and Notice of Exercise thereunder \(incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 \(File No. 333-206511\), filed with the SEC on August 21, 2015\).](#)
 - (d)(7) [Employment Agreement, effective January 1, 2016, by and between the Registrant and Joseph P. Hagan \(incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K \(File No. 001-35670\), filed with the SEC on February 23, 2016\).](#)
 - (d)(8) [Joseph P. Hagan, Yearly Discretionary Base Salary Increase, effective January 1, 2017 \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on May 5, 2017\).](#)
 - (d)(9) [Joseph P. Hagan, Base Salary and Target Bonus Increase, effective May 4, 2017 \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on August 2, 2017\).](#)
 - (d)(10) [Employment Agreement, effective October 3, 2016, by and between the Registrant and Timothy M. Wright, M.D. \(incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K \(File No. 001-35670\), filed with the SEC on March 3, 2017\).](#)
 - (d)(11) [Timothy Wright, Ph.D., Yearly Discretionary Base Salary Increase, effective January 1, 2017 \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on May 5, 2017\).](#)

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- (d)(12) [Employment Agreement, effective June 22, 2017, by and between the Registrant and Mark Deeg, M.D., Ph.D. \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on August 2, 2017\).](#)
 - (d)(13) [Separation Agreement, dated May 24, 2017, by and between the Registrant and Paul C. Grint, M.D. \(incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on August 2, 2017\).](#)
 - (d)(14) [Amended and Restated Employment Agreement, dated May 24, 2017, by and between the Registrant and Daniel R. Chevallard \(incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 26, 2017\).](#)
 - (d)(15) [Loan and Security Agreement, dated June 17, 2016, by and between the Registrant and Oxford Finance LLC \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-35670\), filed with the SEC on August 3, 2016\).](#)
 - (d)(16) [First Amendment to Loan and Security Agreement, dated October 4, 2017, by and between the Registrant and Oxford Finance LLC \(incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K \(File No. 001-35670\), filed with the SEC on March 8, 2018\).](#)
 - (d)(17) [Second Amendment to Loan and Security Agreement, dated March 6, 2018, by and between the Registrant and Oxford Finance LLC \(incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K \(File No. 001-35670\), filed with the SEC on March 8, 2018\).](#)
 - (g) Not applicable
 - (h) Not applicable

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Regulus Therapeutics Inc.

By: /s/ Joseph P. Hagan

Joseph P. Hagan

President and Chief Executive Officer

Date: October 15, 2018

REGULUS THERAPEUTICS INC.
10614 SCIENCE CENTER DRIVE
SAN DIEGO, CALIFORNIA 92121

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR
NEW RESTRICTED STOCK UNITS

REGULUS THERAPEUTICS INC.

SUMMARY TERM SHEET — OVERVIEW

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR
NEW RESTRICTED STOCK UNITS

**This offer and withdrawal rights will expire at 5:00 p.m., U.S. Pacific Time,
on Sunday, November 11, 2018, unless extended
(or at any time after 11:59 p.m. U.S. Pacific time on Tuesday, December 11, 2018
if tendered securities have not yet been accepted).**

By this Offer to Exchange Eligible Options for restricted stock units (as the context requires, this document and the actions taken hereby, the “*Exchange Offer*” or the “*Offer*”), Regulus Therapeutics Inc., which we refer to in this document as “*we*,” “*us*,” “*Regulus*,” or the “*Company*”) is giving each Eligible Holder (as defined below) the opportunity to exchange an Eligible Option (defined below) for a New RSU (as defined below) as discussed below and in the attached disclosure document for the Exchange Offer beginning on page 19 (the “*Offering Memorandum*”).

The “*Expiration Time*” of the Offer is 5:00 p.m. U.S. Pacific Time on Sunday, November 11, 2018. If we extend the period of time during which this Exchange Offer remains open, the term “*Expiration Time*” will refer to the last time and date on which this Exchange Offer expires.

You are an “*Eligible Holder*” if:

- on the date the Exchange Offer commences, either you are employed by Regulus (each, an “*Employee*”) or you are a non-employee member (each, a “*Non-Employee Director*”) of the board of directors of Regulus (the “*Board*”) and have not been notified by us that your employment or service relationship with us is being terminated; and
- you continue to be an Employee or serve as a Non-Employee Director and have not submitted a notice of resignation or received a notice of termination, as of the first business day following the Expiration Time.

An “*Eligible Option*” is an outstanding option, that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$4.56 (and an exercise price greater than the closing price of our common stock on the last business day before the Expiration Time) and
- was granted under our 2009 Equity Incentive Plan, 2012 Equity Incentive Plan or 2015 Inducement Plan (each, an “*Equity Plan*”).

See the Offering Memorandum below for additional information regarding the terms of the Offering, including without limitation the information in Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) and Section 2 (“Purpose of The Exchange Offer; Additional Considerations”).

Terms of New RSUs. If you choose to participate in the Exchange Offer and tender your Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of restricted stock units (each, a “**New RSU**”) with the following terms (collectively, the “**New RSU Terms**”):

- Each New RSU will not have an exercise or purchase price. Each New RSU will represent your right to receive one share of our common stock for each New RSU that vests in the future.
- The number of your New RSUs will be determined using an exchange ratio that takes into account the fair value of your tendered Eligible Option. The applicable exchange ratios are further discussed below.
- Each New RSU will be granted under our 2012 Equity Incentive Plan (the “**2012 Plan**”).
- The vesting schedule of each New RSU will be different for Employees and Non-Employee Directors. In any case, you must remain in the service of Regulus continuously from the grant date through each vesting date to vest in the New RSU on that date. In the event that your service with Regulus terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.
- If you are an Employee, the New RSU will only be eligible to vest if the Board or compensation committee of the Board (the “**Committee**”) certifies, in its sole discretion, that any one of three performance goals are attained within two (2) years following the grant date of the New RSU. If the Board or Committee certifies that we have met one of the performance goals, 50% of the New RSU will vest on such certification date and 50% of the New RSU will vest in equal three-month installments over the 24-month period following the certification date, provided you remain in the service of Regulus continuously from the grant date through each vesting date. The three performance goals are:
 1. The completion of a strategic transaction or financing that the Board, in its sole discretion, determines is reasonably expected to provide adequate cash runway for achievement of the Company’s strategic objectives;
 2. the Company advances its pipeline by either entering into an agency agreement to resume Phase I clinical trials for its RGLS4326 product candidate for the treatment of autosomal dominant polycystic kidney disease (“**ADPKD**”) or patient enrollment of a Phase II clinical trial for RG-012 for the treatment of Alport syndrome resumes; or

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3. the Company submits an investigational new drug application (“*IND*”) to the U.S. Food and Drug Administration (“*FDA*”) for a new program (e.g., a program targeting the hepatitis B virus (“*HBV*”) or hepatitis C virus (“*HCV*”)) and the *IND* becomes effective.
- If you are a Non-Employee Director, the New RSU will vest in equal three-month installments over the twelve-month period following the grant date of your New RSU, provided you remain in the service of Regulus continuously from the grant date through each vesting date.

Exchange Ratio. The number of shares subject to Eligible Options that an Eligible Holder must surrender in order to receive a New RSU to be issued one share is referred to as an “exchange ratio”.

- The exchange ratios will be calculated to approximate a “value-for-value” exchange, meaning that they will be determined in a manner intended to result in the grant of a New RSU with an aggregate fair value that is approximately the same as the aggregate fair value of the Eligible Options the New RSU replaces, calculated based as of the last business day prior to the Expiration Time.
- The exchange ratio for each Eligible Option cannot be calculated as of the date of this Offer because the ratios will be based in part on the future value of our common stock during and at the end of the Exchange Offer. The exchange ratios are structured so that in no event would the number of New RSUs received by any Eligible Holder’s exceed the number of shares underlying the Eligible Options exchanged for the New RSUs.
- After 1:00 p.m. (and no later than 5:00 pm), U.S. Pacific Time, on the last business day prior to the Expiration Time, we will distribute by e-mail to all Eligible Holders the exact exchange ratios to be used in the Exchange Offer with respect to each of their Eligible Options. For illustrative exchange ratios, see the questions and answers below and Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”).

See Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”), Section 7 (“Price Range of Our Common Stock”) and Section 8 (“Information Concerning Us; Financial Information”) of the Offering Memorandum for additional information.

Process to Participate. The commencement date of the Exchange offer is scheduled for Monday, October 15, 2018. Participation in the Exchange Offer is voluntary. If you have received multiple option grants from Regulus that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender for exchange as few or as many of your Eligible Option grants as you wish, however you must tender all of the shares underlying an Eligible Option; you may not tender only a portion of an Eligible Option.

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- Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled and your New RSU will be granted with the terms described above effective as of the close of trading on the first business day following the Expiration Time.
 - **If you choose to participate in the Exchange Offer, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before 5:00 p.m. U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended), by one of the following two means:**
 - **By Hand (during normal business hours on business days)**
To: Daniel Chevallard, Chief Financial Officer
 - **By Email (By PDF or similar imaged document file) (at any time prior to the Expiration Time)**
To: Daniel Chevallard, Chief Financial Officer at
TenderOffer@regulusrx.com

You are responsible for making sure that the Election Form is delivered properly as indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.

See “Risk Factors” beginning on page 16 for a discussion of risks and uncertainties that you should consider before agreeing to exchange your Eligible Options for New RSUs.

Shares of our common stock are quoted on The Nasdaq Global Market (“*Nasdaq*”) under the symbol “RGLS.” On Friday, October 12, 2018, the closing price of our common stock as reported on Nasdaq was \$1.95 per share. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to participate in the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offering Memorandum, the Election Form, or other documents relating to the Exchange Offer) to Daniel Chevallard, Chief Financial Officer at TenderOffer@regulusrx.com.

IMPORTANT

We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum.

The statements in this document concerning the Eligible Options, the 2012 Plan and the New RSUs are summaries of the material terms but are not complete descriptions thereof. The full text of these documents has been filed with the U.S. Securities and Exchange Commission (the “*SEC*”) and we strongly encourage you to review such documents. See Section 15 of the Offering Memorandum, entitled (“Additional Information”) for more information regarding the Schedule TO.

Although the Board has approved the Exchange Offer, consummation of the Exchange Offer is subject to the satisfaction or waiver of the conditions described in Section 6 of the Offering Memorandum (“Conditions of the Exchange Offer”) of the Exchange Offer. Neither we nor the Board (or the Committee) makes any recommendation as to whether you should participate, or refrain from participating, in the Exchange Offer. You must make your own decision whether to participate. You should consult your personal outside advisors if you have questions about your financial or tax situation as it relates to the Exchange Offer.

Neither the SEC nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of this transaction or the accuracy or adequacy of the information contained in the Exchange Offer. Any representation to the contrary is a criminal offense.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD PARTICIPATE IN THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU.

WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION FORMS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

SUMMARY TERM SHEET — QUESTIONS AND ANSWERS

The following are answers to some of the questions that you may have about the Exchange Offer. We encourage you to carefully read the remainder of this Offer to Exchange Eligible Options for New RSUs and the accompanying Election Form. Where appropriate, we have included references to the relevant sections of the Offering Memorandum where you can find a more complete description of the topics in this summary.

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Q1. Why is Regulus making the Exchange Offer?

Equity awards are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. We believe equity awards help us achieve this objective in several important ways: by aligning the interests of our employees and our Non-Employee Directors, with those of our stockholders; by motivating performance toward our long term success; and by encouraging our executives, employees and Non-Employee Directors who have received equity award grants to continue their employment or service with us.

During the past several fiscal years, our stock price has declined. As of the date of this Exchange Offer, 100% of our outstanding stock options are “underwater,” meaning the exercise price of each of those options is greater than our current stock price, with exercise prices ranging from \$4.56 to over \$200 per share; a significant portion of these options have been “underwater” for more than two years. Specifically, all stock options granted between February 2012 and October 2016 have been “underwater” in their entirety for more than two years. This means that our historically granted stock options may have little or no perceived value to those who hold them and therefore may no longer be effective as incentives to motivate and retain these individuals.

The Board believes that it is critical to our future success to revitalize the incentive value of certain of our outstanding equity awards to retain and motivate employees and Non-Employee Directors, and re-establish a personal stake in the long term financial success of Regulus, thereby aligning their interests with those of our stockholders. The Board believes that with the proper balance between the long term components of our compensation structure (i.e., equity awards) and its short term components (i.e., salary and bonus), our employees will be properly motivated to align their interests with those of the stockholders, and be rewarded for their contributions based upon increases in stock value. The Board also recognizes our competition’s ability to attract and recruit top talent and views it as critical that Regulus be able to retain and motivate employees in this way. The Board believes that it has a responsibility to address these issues and to properly incentivize our employees.

Further, the New RSUs that Employees will receive in the Exchange Offer can be earned only if performance goals key to our Company’s future success are achieved (in addition to continued service), thereby further incentivizing our Employees to work towards the achievement of these goals and to drive increases in our long-term value for stockholders.

See Section 2 of the Offering Memorandum (“Purpose of The Exchange Offer; Additional Considerations”) for more information.

Q2. Who is eligible to participate in the Exchange Offer?

Only Eligible Holders are eligible to participate in the Exchange Offer. You are an “*Eligible Holder*” if:

- on the date the Exchange Offer commences, you are either an Employee or a Non-Employee Director and have not been notified by us that your employment or service relationship with Regulus is being terminated;

- you continue to be an Employee or serve as a Non-Employee Director as of the first business day following the Expiration Time, and have not submitted a notice of resignation or received a notice of termination, on or prior to such date.

See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

Q3. Which options are subject to the Exchange Offer?

Under the Exchange Offer, Eligible Holders will be able to elect to tender for exchange outstanding Eligible Options.

An “*Eligible Option*” is an outstanding option that:

- is held by an Eligible Holder;
- was granted under one of our Equity Plans; and
- has an exercise price equal to or greater than \$4.56. However, a stock option will not be an Eligible Option (and any election to exchange such stock option will be disregarded) if the exercise price per share of the stock option is equal to or less than the closing price of our common stock on the last business day prior to the Expiration Time. For example, if the closing price of our common stock on the last business day prior to the Expiration Time is \$5.00, options with exercise prices equal to or less than \$5.00 would not be Eligible Options.

Q4. How do RSUs differ from stock options?

The table below outlines some key differences between stock options and RSUs:

	<u>Stock Options</u>	<u>RSUs</u>
What they are	The right to purchase a fixed number of shares of Regulus common stock at a fixed exercise price for a fixed period of time.	The right to receive shares of Regulus common stock in the future at no exercise or purchase price.
How they work	Once a stock option grant vests, you can exercise the vested portion at any time until the expiration date of that option. Exercising means you buy the stock at the exercise price set on the date of grant.	Once an RSU vests, a share of Regulus common stock is issued to you and at no cost to you, other than withholding taxes (for employees) associated with the RSU. The value you receive for an RSU upon issuance of the common stock will be based on the then-current Regulus stock

If the price of our common stock is greater than the exercise price when you exercise and sell the shares, you receive the gain (after payment of applicable taxes).

price. Once our stock is issued to following the vesting of the RSU, you can either keep it as an investment or sell it.

However, when our stock price is *less* than the exercise price, the stock option has no intrinsic value and is considered to be underwater.

Q5. Will the terms and conditions of my New RSUs be the same as my exchanged options?

No. The terms and conditions of your New RSUs, including the vesting schedule of your New RSUs, will be different from the exchanged options. The tax treatment of the New RSUs will differ significantly from the tax treatment of your exchanged options. See Section 12 of the Offering Memorandum (“Material United States Tax Consequences”) for more information. In addition, the vesting terms of your New RSUs will differ depending on whether you are an Employee or a Non-Employee Director. New RSUs will be granted under the 2012 Plan and will be subject to a restricted stock unit grant notice and agreement provided to you, a form of which is filed with the SEC as an exhibit to the Schedule TO.

Q6. How many New RSUs will I receive for the Eligible Options I exchange?

The number of shares issuable to you under your New RSUs will be determined using an exchange ratio. The exchange ratios represent the number of New RSUs you will receive in exchange for each Eligible Option that you surrender, and vary based on the fair value of the Eligible Options that you elect to exchange and our closing stock price on the last business day prior to the Expiration Time. The exchange ratios will be calculated to approximate a “value-for-value” exchange, meaning that they will be determined in a manner intended to result in the grant of a New RSU with a fair value that is approximately the same as the fair value of the Eligible Options the New RSU replaces, calculated as of the last business day prior to the Expiration Time. However, if the “value for value” exchange would result in you receiving more than one New RSU for each share underlying the Eligible Option you exchange for such New RSU, you will only receive one New RSU for each share underlying such Eligible Option you exchange for the New RSU. Such a fair value exchange is intended to balance the compensatory goals of the Option Exchange and the interests of our stockholders, including reducing our total number of outstanding options, avoiding further dilution to our stockholders and minimizing the accounting expense of the grants of New RSUs. New RSUs to be issued fractional shares will not be granted and cash will not be paid for any fractional shares. New RSUs calculated according to the exchange ratios that result in fractional shares will be rounded to the nearest whole share of our common stock.

The exchange ratio for each Eligible Option cannot be calculated as of the date of this Offer because the ratios will be based in part on the future value of our common stock during and at the end of the Exchange Offer. The exchange ratio for each Eligible Option will be determined using the Black-Scholes option pricing model and will be based on, among other things, the fair market

value of a share of our common stock, the volatility of our common stock, U.S. treasury rates, the exercise prices of the Eligible Options, the remaining terms of the Eligible Options and the term of the New RSUs. For purposes of determining the fair value of Eligible Options, the fair market value of a share of our common stock will be determined based on the trailing 20-Day volume weighted average price, or “**20-day VWAP**”. The 20-Day VWAP means the simple arithmetic average of the Daily VWAPs (as defined below) over the 20 consecutive trading days beginning on October 15, 2018 and ending on the last business day prior to the Expiration Time. The “**Daily VWAP**” means, for any trading day, the per share volume-weighted average price of our common stock on Nasdaq, as displayed under the heading “Bloomberg VWAP” on Bloomberg page “RGLS <equity> AQR” (or its equivalent successor if such page is not available), in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session of Nasdaq on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The Daily VWAP will be determined without regard to pre-market hours or after-hours trading or any other trading outside of the regular trading session trading hours.

For purposes of determining the fair value of the New RSUs, the fair market value of a share of our common stock will be determined based on the closing trading price of a share of our common stock on Nasdaq on the last business day prior to the Expiration Time (the “**Closing Price**”). In no event will you be eligible to receive more New RSUs than the number of shares underlying your Eligible Options (i.e., in no event will the exchange ratio be greater than 100%).

Because the methodology used to calculate the final exchange ratio will include the future volume-weighted trading prices of our common stock, the Black-Scholes value of the Eligible Options and New RSUs, as well as the exact exchange ratios, will not be known until shortly after 1:00 p.m., Pacific Time, on the last business day prior to the Expiration Time (expected to be Friday, November 9, 2018). After 1:00 p.m. (and no later than 5:00 pm), Pacific Time, on the last business day prior to the Expiration Time, we will distribute by e-mail to all Eligible Holders the exact exchange ratios to be used in the Exchange Offer with respect to each of their Eligible Options. The exchange ratios separately apply to each Eligible Option based primarily upon its original exercise price, its remaining estimated life, and corresponding estimate for volatility. This means that if you hold various Eligible Options with different grant dates and exercise prices, they will each be subject to different exchange ratios.

For illustrative purposes only, below is a table setting forth hypothetical exchange ratios that would be used in the Exchange Offer assuming various 20-Day VWAPs and Closing Prices. For example, if you hold an Eligible Option to purchase 1,000 shares at an exercise price of \$8.76 per share, and the 20-Day VWAP is \$3.00 and the Closing Price is \$3.00, the exchange ratio would be 59.34%, which means you would receive .5934 New RSUs for every one share underlying an Eligible Option; accordingly, your 1,000 Eligible Options would be exchanged for 593 New RSUs (i.e., 1,000 x 59.34%).

Hypothetical Exchange Ratios for Eligible Options

Eligible Option Exercise Price	\$1.00 20-Day VWAP			\$3.00 20-Day VWAP			\$5.00 20-Day VWAP		
	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price
\$4.56	6.09%	2.03%	1.22%	81.37%	27.12%	16.27%	100.00%	70.21%	42.13%
\$7.67	43.57%	14.52%	8.71%	100.00%	61.43%	36.86%	100.00%	100.00%	69.00%
\$7.92	43.05%	14.35%	8.61%	100.00%	60.93%	36.56%	100.00%	100.00%	68.54%
\$8.46	41.98%	13.99%	8.40%	100.00%	59.89%	35.93%	100.00%	100.00%	67.59%
\$8.52	41.87%	13.96%	8.37%	100.00%	59.78%	35.87%	100.00%	100.00%	67.49%
\$8.66	41.60%	13.87%	8.32%	100.00%	59.51%	35.71%	100.00%	100.00%	67.25%
\$8.76	41.42%	13.81%	8.28%	100.00%	59.34%	35.60%	100.00%	100.00%	67.08%
\$10.56	38.43%	12.81%	7.69%	100.00%	56.35%	33.81%	100.00%	100.00%	64.30%
\$10.68	38.25%	12.75%	7.65%	100.00%	56.17%	33.70%	100.00%	100.00%	64.13%
\$12.24	36.11%	12.04%	7.22%	100.00%	53.96%	32.37%	100.00%	100.00%	62.04%
\$12.60	35.66%	11.89%	7.13%	100.00%	53.49%	32.09%	100.00%	100.00%	61.59%
\$14.04	34.00%	11.33%	6.80%	100.00%	51.72%	31.03%	100.00%	99.83%	59.90%
\$14.40	33.61%	11.20%	6.72%	100.00%	51.30%	30.78%	100.00%	99.16%	59.50%
\$14.88	33.12%	11.04%	6.62%	100.00%	50.76%	30.46%	100.00%	98.30%	58.98%
\$16.56	31.52%	10.51%	6.30%	100.00%	49.01%	29.40%	100.00%	95.45%	57.27%
\$17.40	30.79%	10.26%	6.16%	100.00%	48.20%	28.92%	100.00%	94.13%	56.48%
\$19.80	28.92%	9.64%	5.78%	100.00%	46.08%	27.65%	100.00%	90.64%	54.39%
\$20.40	28.49%	9.50%	5.70%	100.00%	45.59%	27.35%	100.00%	89.84%	53.90%
\$20.88	28.16%	9.39%	5.63%	100.00%	45.21%	27.12%	100.00%	89.20%	53.52%
\$27.60	8.73%	2.91%	1.75%	65.08%	21.69%	13.02%	100.00%	50.25%	30.15%
\$31.92	14.83%	4.94%	2.97%	88.59%	29.53%	17.72%	100.00%	63.26%	37.95%
\$39.60	19.88%	6.63%	3.98%	100.00%	34.98%	20.99%	100.00%	71.75%	43.05%
\$42.24	19.13%	6.38%	3.83%	100.00%	33.99%	20.40%	100.00%	70.01%	42.00%
\$53.28	10.01%	3.34%	2.00%	65.96%	21.99%	13.19%	100.00%	49.12%	29.47%
\$56.76	12.52%	4.17%	2.50%	75.87%	25.29%	15.17%	100.00%	54.78%	32.87%
\$57.36	9.42%	3.14%	1.88%	62.99%	21.00%	12.60%	100.00%	47.20%	28.32%
\$57.72	9.37%	3.12%	1.87%	62.74%	20.91%	12.55%	100.00%	47.04%	28.22%
\$66.36	14.38%	4.79%	2.88%	82.17%	27.39%	16.43%	100.00%	58.10%	34.86%
\$69.24	13.98%	4.66%	2.80%	80.40%	26.80%	16.08%	100.00%	57.01%	34.21%
\$73.56	10.31%	3.44%	2.06%	65.40%	21.80%	13.08%	100.00%	48.16%	28.90%
\$74.40	13.31%	4.44%	2.66%	77.46%	25.82%	15.49%	100.00%	55.19%	33.12%
\$74.64	13.29%	4.43%	2.66%	77.33%	25.78%	15.47%	100.00%	55.11%	33.07%
\$78.60	12.82%	4.27%	2.56%	75.25%	25.08%	15.05%	100.00%	53.82%	32.29%
\$78.84	12.80%	4.27%	2.56%	75.13%	25.04%	15.03%	100.00%	53.74%	32.25%
\$92.04	8.64%	2.88%	1.73%	57.04%	19.01%	11.41%	100.00%	42.74%	25.65%
\$93.24	11.37%	3.79%	2.27%	68.58%	22.86%	13.72%	100.00%	49.63%	29.78%
\$102.84	10.59%	3.53%	2.12%	64.90%	21.63%	12.98%	100.00%	47.30%	28.38%
\$105.36	10.41%	3.47%	2.08%	64.01%	21.34%	12.80%	100.00%	46.73%	28.04%
\$111.84	7.35%	2.45%	1.47%	50.32%	16.77%	10.06%	100.00%	38.29%	22.98%
\$114.12	7.23%	2.41%	1.45%	49.66%	16.55%	9.93%	100.00%	37.85%	22.71%
\$118.08	9.56%	3.19%	1.91%	59.92%	19.97%	11.98%	100.00%	44.09%	26.45%
\$120.24	9.43%	3.14%	1.89%	59.28%	19.76%	11.86%	100.00%	43.68%	26.21%
\$121.20	6.87%	2.29%	1.37%	47.70%	15.90%	9.54%	100.00%	36.54%	21.92%
\$128.40	8.97%	2.99%	1.79%	57.01%	19.00%	11.40%	100.00%	42.20%	25.32%
\$213.12	5.97%	1.99%	1.19%	41.27%	13.76%	8.25%	95.12%	31.71%	19.02%

Q7. Will my New RSUs have an exercise or purchase price?

Your New RSUs will not have an exercise or purchase price. Each New RSU will represent your right to receive a number of shares of our common stock upon vesting based on an exchange ratio. See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

See Section 7 of the Offering Memorandum (“Price Range of Our Common Stock”) for information concerning our historical common stock prices.

Q8. When will my New RSUs vest?

The vesting terms of your New RSUs will differ based on whether you are an Employee or a Non-Employee Director. However, in each case, as with any unvested equity award, you must remain in the service of Regulus continuously from the grant date through each vesting date to vest in the New RSU on that date. In the event your service with Regulus terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.

If you are an *Employee*, the vesting schedule of each New RSU will be as follows:

- The New RSU will only be eligible to vest if the Board or Committee certifies, in its sole discretion, that any one of the following three performance goals has been attained within two (2) years following the grant date of the New RSU:
 1. the completion of a strategic transaction or financing that the Board, in its sole discretion, determines is reasonably expected to provide adequate cash runway for achievement of the Company’s strategic objectives;
 2. the Company advances its pipeline by either entering into an agency agreement to resume Phase I clinical trials for its RGLS4326 product candidate for the treatment of autosomal dominant polycystic kidney disease (“*ADPKD*”) or patient enrollment of a Phase II clinical trial for RG-012 for the treatment of Alport syndrome resumes; or
 3. the Company submits an investigational new drug application (“*IND*”) to the U.S. Food and Drug Administration (“*FDA*”) for a new program (e.g., a program targeting the hepatitis B virus (“*HBV*”) or hepatitis C virus (“*HCV*”)) and the IND becomes effective.

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- Upon the Board or Committee certifying the achievement of any of the three performance goals, the New RSU will vest as follows, subject to you remaining continuously in the service of Regulus from the grant date through the applicable vesting date:
 - 50% of the New RSU will vest on the date the Board or Committee certifies that the performance goal has been attained (the “*Certification Date*”);
 - the remaining 50% of the New RSU will vest in equal three-month installments over the 24-month period following the Certification Date.

If you are a *Non-Employee Director*, your New RSU will vest in equal three-month installments over the twelve-month period following the grant date of your New RSU, provided you remain in the service of Regulus continuously from the grant date through each vesting date.

Q9. Do I need to exercise my New RSUs in order to receive shares?

No. Unlike stock options, which you must exercise in order to receive the vested shares subject to the option, you do not need to exercise RSUs in order to receive shares. If your New RSUs vest in accordance with the vesting schedule described above and set forth in the applicable RSU agreement, you will automatically receive the shares subject to the New RSUs. Generally, shares subject to New RSUs that do not vest will be forfeited to Regulus, as determined in accordance with the 2012 Plan.

Q10. If I participate in the Exchange Offer, when will my New RSUs be granted?

Unless we amend or terminate the Exchange Offer in accordance with its terms, we will grant you New RSUs for your Eligible Options as to which you properly made a valid election (and did not validly revoke that election), effective as of the first business day following the Expiration Time (such date, the “**New RSU Grant Date**”), which is currently expected to be Monday, November 12, 2018).

See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

Q11. What happens to my New RSUs if I terminate my employment or service with Regulus?

Vesting of your New RSUs will cease upon termination of your service with Regulus. Any unvested portion of your New RSUs will be forfeited and the shares will return to the 2012 Plan.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain in employment or service with Regulus. The terms of your employment or service with Regulus remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our employment or service until the expiration of the Exchange Offer and/or the New RSU Grant Date or thereafter during the vesting period of the New RSUs. In addition, we cannot provide any assurance that your employment or service with Regulus will continue past the vesting date of any New RSU issued in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New RSU.

See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) and Section 5 of the Offering Memorandum (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) for more information.

Q12. Must I participate in the Exchange Offer?

No. Participation in the Exchange Offer is completely voluntary. If you choose not to participate in the Exchange Offer, then your Eligible Options will remain outstanding with their current terms.

Q13. How should I decide whether or not to participate in the Exchange Offer?

We are providing substantial information to assist you in making your own informed decision. Please read all the information contained in the various sections of the Offering Memorandum below, including without limitation the information in Section 2 (“Purpose of The Exchange Offer; Additional Considerations”), Section 7 (“Price Range of Our Common Stock”), Section 8 (“Information Concerning Us; Financial Information”), Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”), Section 12 (“Material United States Tax Consequences”) and Section 15 (“Additional Information”), of the Offering Memorandum. You may seek your own outside legal counsel, accountant and/or financial advisor for further advice. No one from Regulus or any of our subsidiaries is, or will be, authorized to provide you with advice, recommendations or additional information in this regard.

In addition to reviewing the materials provided, please note the following:

1. The number of shares issuable under your New RSUs will be determined based on an exchange ratio that will not be known until the last business day prior to the Expiration Time. You will likely receive fewer shares subject to your New RSUs than your Eligible Options.
2. Options provide value upon exercise only if our common stock price increases after its grant date. RSUs provide value upon vesting even if our common stock price does not increase after its grant date. However, because the exchange ratios for the Exchange Offer are value-based, and will be less than or equal one-for-one, it is possible that, at some point in the future, Eligible Options you choose to exchange could be economically more valuable than the New RSUs received by you pursuant to the Exchange Offer.
3. New RSUs granted in the Exchange Offer are subject to new vesting schedules, even if the Eligible Options you exchange were fully vested. Additionally, New RSUs for Employees are subject to performance-vesting conditions that may never occur. Therefore, it is possible that, if you are an Employee and even if you continue in service with Regulus, you may never receive shares in respect of your New RSUs.

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4. You should carefully consider the tax consequences of the New RSUs. In general, the New RSUs will be taxed when they vest and shares are issued to you. You are strongly encouraged to consult with your personal legal counsel, accountant, financial and/or tax advisor(s) for advice on these matters.

Please also review the “Risk Factors” that appear after this Section.

Q14. How do I find out how many Eligible Options I have and what their exercise prices are?

The Election Form distributed along with the Exchange Offer includes a list of your Eligible Options as of Monday, October 15, 2018. You can at any time confirm the number of option grants that you have, their grant dates, remaining term, exercise prices, vesting schedule and other information by contacting Daniel Chevallard, Chief Financial Officer in person or at TenderOffier@regulusrx.com or by logging into your e*trade account at www.etrade.com.

Q15. Can I tender for exchange stock options that I have already fully exercised?

No. The Exchange Offer applies only to outstanding unexercised Eligible Options. An option that has been fully exercised is no longer outstanding.

Q16. Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?

Yes. If you exercised an Eligible Option in part, the remaining unexercised portion of the Eligible Option could be tendered for exchange in the Exchange Offer. See Section 3 of the Offering Memorandum (“Procedures for Tendering Eligible Options”) for more information.

Q17. Can I tender for exchange a portion of an Eligible Option?

No partial exchange will be permitted. If you elect to tender an Eligible Option for exchange, you must tender the entire outstanding (i.e. unexercised) portion of that Eligible Option. If you have more than one Eligible Option, you will be able to elect to tender as few or as many of your Eligible Option grants as you wish. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Option grants that are properly tendered. See Section 3 of the Offering Memorandum (“Procedures for Tendering Eligible Options”) for more information.

Q18. What if I am on an authorized leave of absence during the Exchange Offer?

Any Eligible Holder who is on an authorized leave of absence will be able to participate in the Exchange Offer. See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

Q19. What happens if my employment or service with Regulus terminates prior to the Expiration Time?

If you have tendered Eligible Options under the Exchange Offer and your continued service with Regulus terminates for any reason on or prior to the first business day following the Expiration Time, or if you submit a notice of resignation or receive a notice of termination before such time, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange and you will not be eligible for New RSUs. In that case, generally you may exercise your existing Eligible Options to the extent they are vested for a limited time after your termination date and in accordance with their original terms.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain an employee, director or other service provider of Regulus or any of our subsidiaries. The terms of your service with Regulus and our subsidiaries remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our service until the first business day following the Expiration Time and/or the New RSU Grant Date or thereafter. In addition, we cannot provide any assurance that your employment or service with Regulus will continue past the vesting date of any New RSU issued in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New RSU.

See Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) and Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) of the Offering Memorandum for more information.

Q20. Will I owe taxes if I participate in the Exchange Offer?

Neither the acceptance of the Offer nor the grant of your New RSUs will be a taxable event for U.S. federal income tax purposes. See Section 12 of the Offering Memorandum (“Material United States Tax Consequences”) for more information regarding the tax aspects of RSUs.

You should consult with your tax advisor to determine the personal tax consequences of participating in the Exchange Offer. If you are an Eligible Holder who is subject to the tax laws of a country other than the U.S. or of more than one country, you should be aware that there may be additional or different tax consequences that may apply to you. We advise all Eligible Holders who may consider tendering for exchange their Eligible Options to consult with their own tax advisors with respect to the federal, state, local and foreign tax consequences of participating in the Exchange Offer.

Q21. Will I owe taxes if I do not participate in the Exchange Offer?

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. See Section 12 of the Offering Memorandum (“Material United States Tax Consequences”) for more information.

Q22. What will happen to my Eligible Options if I participate in the Exchange Offer?

We will cancel all of your Eligible Options tendered by you and accepted by us for exchange in the Exchange Offer.

Q23. Is it possible for my New RSUs to become underwater?

No. Since New RSUs do not have an exercise or purchase price, New RSUs will never become underwater, but the value of the New RSUs may change with fluctuations in our stock price.

Q24. What happens to Eligible Options that I choose not to tender or that are not accepted for exchange in the Exchange Offer?

Generally, there will be no impact to Eligible Options that you choose not to tender for exchange prior to the original Expiration Time. However, if (1) any of your Eligible Options are currently treated as Incentive Stock Options (“*ISOs*”), (2) the Exchange Offer remains outstanding for more than 29 calendar days – that is, if we extend the Exchange Offer beyond the original Expiration Time on Sunday, November 11, 2018, and (3) you do not reject this Offer within the first 29 calendar days in which it is outstanding – that is, by Tuesday, November 13, 2018, your Eligible Options may cease to be treated as *ISOs* as of the Expiration Time. Under tax rules, your Eligible Options would be “retested” to determine if they can again be treated as *ISOs*. However, even if they can again be treated as *ISOs*, your holding periods under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the Expiration Time. Therefore, if we extend the Exchange Offer beyond the original Expiration Time and if you wish to reject this Exchange Offer and you wish to avoid the possible impact on your *ISO* status, you should do so by completing and submitting the Election Form on or prior to 11:59 p.m. U.S. Pacific Time on Tuesday, November 13, 2018.

We will not accept for exchange any options that are tendered that do not qualify as Eligible Options. If you tender an option that is not an Eligible Option or is otherwise not accepted for exchange, we will send you a separate notification following the expiration of the Exchange Offer explaining why your tendered option did not qualify as an Eligible Option, or otherwise was not accepted for exchange.

Q25. How long do I have to decide whether to participate in the Exchange Offer?

The Exchange Offer expires at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended). No exceptions will be made to this deadline, unless we extend it. Although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer at any time. If we extend the Exchange Offer, we will publicly announce the extension and the new expiration time no later than 6:00 a.m., U.S. Pacific Time, on the next business day after the last previously scheduled or announced expiration date.

See Section 13 of the Offering Memorandum (“Extension of Exchange Offer; Termination; Amendment”) for more information.

Q26. How do I tender my Eligible Options for exchange?

If you are an Eligible Holder on the date that you choose to tender your Eligible Options, you may tender your Eligible Options for exchange at any time before the Exchange Offer expires at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended).

To validly tender your Eligible Options, you must deliver a properly completed and signed Election Form, and any other documents required by the Election Form to the attention of Daniel Chevallard, Chief Financial Officer, by hand (during normal business hours on normal business days), or by email (by PDF or similar imaged document file) to TenderOffer@regulusrx.com (at any time prior to the Expiration Time).

You do not need to return your stock option grant notices and agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange. Your grant documents relating to your New RSUs following the New RSU Grant Date will be made available to you via E*trade for your review and acceptance. If you do not have an E*trade account, we will send them to you directly.

Your Eligible Options will not be considered tendered until we receive a properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended). If you miss this deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by hand or by email (by PDF or similar imaged document file). If your delivery is by hand, it must be delivered during normal business hours on business days. The method of delivery is at your own option and risk. You are responsible for making sure that the Election Form is delivered to the person, department or email address indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine would be unlawful to accept. Subject to our rights to extend, terminate and amend the Exchange Offer, we expect to accept all properly tendered option grants following the Expiration Time.

See Section 3 of the Offering Memorandum (“Procedures for Tendering Eligible Options”) for more information.

Q27. When and how can I withdraw previously tendered Eligible Options?

You may withdraw your tendered Eligible Options at any time prior to the Expiration Time at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended), and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options at any time after 5:00 p.m. U.S. Pacific Time on Sunday, November 11, 2018. If we extend the Exchange Offer beyond that time, you may withdraw your tendered Eligible Options (i) at any time until the extended expiration of the Exchange Offer or (ii) at any time after 11:59 p.m. U.S. Pacific Time on Tuesday, December 11, 2018, if we have not yet accepted the Eligible Options pursuant to the Exchange Offer.

To withdraw tendered Eligible Options, you must deliver to us a properly completed and signed Notice of Withdrawal of Election Form (the “*Notice of Withdrawal*”) with the required information while you still have the right to withdraw the tendered Eligible Options. The Notice of Withdrawal may be delivered by any of the means indicated for a valid tender as set forth in Question Q26 above.

If you miss this deadline to withdraw but remain an Eligible Holder, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Notice of Withdrawal we receive prior to the Expiration Time.

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to us. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time.

Once you have withdrawn Eligible Options, you may re-tender Eligible Options only by again following the procedures described for validly tendering option grants in the Exchange Offer as discussed in Question Q26 above.

See Section 4 of the Offering Memorandum (“Withdrawal Rights”) for more information.

Q28. How will I know whether you have received my Election Form or my Notice of Withdrawal?

We will send you an email or other form of communication, as appropriate, to confirm receipt of your Election Form or Notice of Withdrawal shortly after we receive it. However, it is your responsibility to ensure that we receive your Election Form or Notice of Withdrawal, as applicable, prior to the expiration date of the Exchange Offer. See Section 3 of the Offering Memorandum (“Procedures for Tendering Eligible Options”) for more information.

Q29. What will happen if I do not return my Election Form by the deadline?

If we do not receive your Election Form by the deadline, then all Eligible Options held by you will remain outstanding at their original exercise price and subject to their original terms. If you prefer not to tender any of your Eligible Options exchange in the Exchange Offer, you do not need to do anything. See Section 3 of the Offering Memorandum (“Procedures for Tendering Eligible Options”) for more information.

Q30. What if I have any questions regarding the Exchange Offer?

You should direct questions about the Exchange Offer (including requests for additional or paper copies of the Exchange Offer and other Exchange Offer documents which will be promptly furnished to you at Regulus’ expense) to TenderOffer@regulusrx.com.

RISK FACTORS

Participation in the Exchange Offer involves a number of potential risks and uncertainties, including those described below. You should consider, among other things, these risks and uncertainties before deciding whether or not to request that we exchange your Eligible Options in the manner described in the Exchange Offer.

Risks Related to the Exchange Offer

The exchange ratio used in the Exchange Offer may not accurately reflect the value of your Eligible Options at the time of their exchange.

The calculation of the exchange ratio for the Eligible Options in the Exchange Offer is based on the Black-Scholes option pricing model and relies on numerous assumptions. If a different method or different assumptions are used, or if the exchange ratio is calculated as of a different date, the exchange ratio may vary from the exchange ratio in this Exchange Offer. The valuation method that we use for establishing the exchange ratio is designed to estimate a fair value of options as of the date the exchange ratio is calculated and is not a prediction of the future value that might be realized through Eligible Options or New RSUs. In addition, the exchange ratio is “capped” at one RSU for one share subject to the Eligible Options to which the New RSU replaces, if the fair value of the New RSUs that would be approximately equivalent to the fair value of the Eligible Options exchanged would result in you receiving more New RSUs than the number of shares underlying your Eligible Options exchanged.

You should be aware that option valuation is inherently difficult to estimate and imprecise. Although the Black-Scholes model is a standard and accepted model for determining the value of options, the utilization of different assumptions in the Black-Scholes option pricing model can produce significantly different results for the ultimate value of an option.

Moreover, even experts can disagree on the correct assumptions to use for any particular option valuation exercise. The assumptions we use for purposes of this Exchange Offer may not be the same as those used by others and, therefore, our valuation of the Eligible Options, the New RSUs and/or the exchange ratio may not be consistent with those obtained using other valuation techniques or input assumptions and may not reflect the actual value of these options.

Your cancelled Eligible Options may be worth more than the New RSUs that you receive in exchange for them.

Because the New RSUs you receive will likely cover fewer shares than the number of shares outstanding under your Eligible Options, it is possible that, at some point in the future, due to increases in our stock price, those Eligible Options would have been economically more valuable than the New RSUs granted pursuant to the Offer.

Whether you will be in a better position if you surrender your Eligible Options for New RSUs instead of retaining your Eligible Options depends on many factors, including the number of Eligible Options you hold, the number of New RSUs that you would receive in exchange for your Eligible Options, the exercise price of your Eligible Options, the value of our common stock in the future, how long you remain employed by or continue providing services to Regulus or one

of our subsidiaries, if you are an Employee, whether the performance conditions related to the New RSUs occur and the expiration date of your Eligible Options. We encourage you to consult with your financial, tax, legal and other advisors when determining whether to participate in the Exchange Offer.

If your service with Regulus terminates before your New RSUs vest, or, if you are an Employee and the performance conditions for your New RSU do not occur, you will not be able to receive value for your unvested New RSUs, but may have been able to receive value for the Eligible Options you exchanged for the New RSUs.

Because a new vesting schedule will apply to the New RSUs which is different than the vesting schedule for Eligible Options exchanged, if your service with Regulus terminates after receiving the New RSUs you may not be able to realize value from your New RSUs, but could have received value for the Eligible Options you exchanged. For example, if you exchange vested Eligible Options and our stock price increases to above the exercise per share of the Eligible Options you exchanged, you would have been able to exercise the Eligible Options, but if your service with Regulus terminates shortly after receiving the New RSUs then they will not be vested and you will receive no value from being granted the New RSUs. In addition, if you are an Employee you will not be able to realize value from your New RSUs if the performance conditions required for such New RSUs to vest do not occur.

You may incur additional taxes in connection with the New RSUs for U.S. tax purposes.

For more detailed information regarding the tax treatment of stock options (incentive stock options and nonstatutory stock options) and restricted stock units, see Section 12 of the Offering Memorandum (“Material United States Tax Consequences”).

Risks Related to Our Business and Common Stock

You should carefully review the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018, and in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2018, filed with the SEC on May 10, 2018, and June 30, 2018, filed with the SEC on August 9, 2018, as well as the other information provided in the Exchange Offer and the other materials that we have filed with the SEC, before making a decision as to whether or not to tender your Eligible Options. You may access these filings electronically at the SEC’s Internet site at <http://www.sec.gov>. In addition, we will provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 of the Offering Memorandum (“Additional Information”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

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OFFERING MEMORANDUM

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW RSUS

Section 1. Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer.

Regulus Therapeutics, Inc. (“we,” “us” or “*Regulus*”) is offering certain optionholders the opportunity to exchange certain options for new restricted stock units. As described in this Section 1 of this Offering Memorandum (“Offer to Exchange Eligible Options for New RSUs”) (this “*Offering Memorandum*”), Eligible Options that are tendered prior to the Expiration Time (each defined below) and accepted by us will be exchanged for New RSUs in exchange for an Eligible Holder’s agreement to accept the terms of the New RSUs.

We are making the offer on the terms and subject to the conditions described in this Offering Memorandum, as they may be amended from time to time, and these terms and conditions constitute the “*Exchange Offer*” or the “*Offer*.” The Exchange Offer is not conditioned on the acceptance of the Exchange Offer by a minimum number of award holders or the tender of elections to exchange options covering a minimum number of shares.

Eligible Holders

All individuals who were granted an Eligible Option and who, as of the date the Exchange Offer commences and as of the first business day following the Expiration Time, are current employees of Regulus (each, an “*Employee*”) or are non-employee members (each, a “*Non-Employee Director*”) of the Board of Directors of Regulus (the “*Board*”), and have not been notified by us that their employment or service relationship with us is being terminated may participate in the Offer (the “*Eligible Holders*”). To be an Eligible Holder you must continue to be employed by or in service with us, and have not submitted a notice of resignation or received a notice of termination, between the date the Exchange Offer commences and the first business day following the Expiration Time.

You will not be eligible to tender Eligible Options for exchange in the Exchange Offer if you cease to be an Eligible Holder for any reason prior to the first business day following the Expiration Time, including retirement, disability or death. An individual who is on an authorized leave of absence and is otherwise an Eligible Holder on such date will be eligible to tender Eligible Options in the Exchange Offer. A leave of absence is considered “authorized” if it was approved in accordance with our policies.

Your employment or service with us will remain “at-will” regardless of your participation in the Exchange Offer and can be terminated by you or us at any time.

Our board of directors has determined that David Baltimore, Ph.D., Stelios Papadopoulos, Ph.D., William H. Rastetter, Ph.D., Hugh Rosen, M.D., Ph.D., Kathryn Collier and Pascale Witz are independent directors, as defined by Rule 5605(a)(2) of the Nasdaq listing rules. Each of our independent directors who holds Eligible Options is eligible to participate in the Offer.

Eligible Options

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Holder;
- was granted under our 2009 Equity Incentive Plan, 2012 Equity Incentive Plan or 2015 Inducement Plan (each, an “**Equity Plan**”); and
- has an exercise price equal to or greater than \$4.56. However, a stock option will not be an Eligible Option (and any election to exchange such stock option will be disregarded) if the exercise price per share of the stock option is equal to or less than the closing price of our common stock on the last business day prior to the Expiration Time. For example, if the last closing price of our common stock on the last business day prior to the Expiration Time is \$5.00, options with exercise prices equal to or less than \$5.00 would not be Eligible Options.

The Proposed Exchange

If you choose to participate in the Exchange Offer and tender your Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of restricted stock units (each, a “**New RSU**”) with the following terms (collectively, the “**New RSU Terms**”):

- Each New RSU will not have an exercise or purchase price. Each New RSU will represent your right to receive one share of our common stock for each New RSU that vests in the future.
- The number of New RSUs you receive will be determined using an exchange ratio that takes into account the fair value of your tendered Eligible Option. The applicable exchange ratios are further discussed below.
- Each New RSU will be granted under our 2012 Plan.
- The vesting schedule of each New RSU will be different for Employee and Non-Employee Directors. In any case, you must remain in the service of Regulus continuously from the grant date through each vesting date to vest in the New RSU on that date. In the event that your service with Regulus terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.
- If you are an Employee, the vesting schedule of each New RSU will be as follows:

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- The New RSU will vest based on our achievement of key Company performance goals and your continued service to the Company. Specifically, each New RSU will only be eligible to vest if the Board or compensation committee of the Board (the “**Committee**”) certifies, in its sole discretion, that any one of the following three performance goals is attained within two (2) years following the grant date of the New RSU:
 1. the completion of a strategic transaction or financing that the Board, in its sole discretion, determines is reasonably expected to provide adequate cash runway for achievement of the Company’s strategic objectives;
 2. the Company advances its pipeline by either entering into an agency agreement to resume Phase I clinical trials for its RGLS4326 product candidate for the treatment of autosomal dominant polycystic kidney disease (“**ADPKD**”) or patient enrollment of a Phase II clinical trial for RG-012 for the treatment of Alport syndrome resumes; or
 3. the Company submits an investigational new drug application (“**IND**”) to the U.S. Food and Drug Administration (“**FDA**”) for a new program (e.g., a program targeting the hepatitis B virus (“**HBV**”) or hepatitis C virus (“**HCV**”)) and the IND becomes effective.
 - Upon the Board or Committee certifying the achievement of any of the three performance goals, the New RSU will vest as follows, subject to you remaining continuously in the service of Regulus from the grant date through the applicable vesting date:
 - 50% of the New RSU will vest on the date the Board or Committee certifies that the performance goal has been attained (the “**Certification Date**”);
 - the remaining 50% of the New RSU will vest in equal three-month installments over the 24-month period following the Certification Date.
 - If you are a Non-Employee Director, the New RSU will vest in equal three-month installments over the twelve-month period following the grant date of your New RSU, provided you remain in the service of Regulus continuously from the grant date through each vesting date.

Exchange Ratios applicable to all New RSUs

The exchange ratios in the Option Exchange represent the number of New RSUs you will receive in exchange for each Eligible Option that you surrender. The exchange ratios will vary based on the fair value of the Eligible Options that you elect to exchange and our closing stock price, measured on the last business day prior to the Expiration Time. The exchange ratios will be

calculated to approximate a “value-for-value” exchange, meaning that they will be determined in a manner intended to result in the grant of a New RSU with a fair value that is approximately the same as the fair value of the Eligible Options the New RSU replaces, calculated as of the last business day prior to the Expiration Time. However, if the “value for value” exchange would result in you receiving more than one New RSU for each share underlying the Eligible Option you exchange for such New RSU, you will only receive one New RSU for each share underlying such Eligible Option you exchange for the New RSU. Such a fair value exchange is intended to balance the compensatory goals of the Option Exchange and the interests of our stockholders, including reducing our total number of outstanding options, avoiding further dilution to our stockholders and minimizing the accounting expense of the grants of New RSUs. Fractions New RSUs will not be granted and cash will not be paid for any fractional shares. New RSUs calculated according to the exchange ratios that result in fractional shares will be rounded to the nearest whole share of our common stock.

The exchange ratio for each Eligible Option cannot be calculated as of the date of this Offer because the ratios will be based in part on the future value of our common stock during and at the end of the Exchange Offer. The exchange ratio for each Eligible Option will be determined using the Black-Scholes option pricing model and will be based on, among other things, the fair market value of a share of our common stock, the volatility of our common stock, U.S. treasury rates, the exercise prices of the Eligible Options, the remaining terms of the Eligible Options and the term of the New RSUs. For purposes of determining the fair value of Eligible Options, the fair market value of a share of our common stock will be determined based on the 20-Day VWAP. The “**20-Day VWAP**” means the simple arithmetic average of the Daily VWAPs (as defined below) over the period of 20 consecutive trading days beginning on October 15, 2018 and ending on the last business day prior to the Expiration Time. The “**Daily VWAP**” means, for any trading day, the per share volume-weighted average price of our common stock on Nasdaq, as displayed under the heading “Bloomberg VWAP” on Bloomberg page “RGLS <equity> AQR” (or its equivalent successor if such page is not available), in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session of Nasdaq on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The Daily VWAP will be determined without regard to pre-market hours or after-hours trading or any other trading outside of the regular trading session trading hours.

For purposes of determining the fair value of the New RSUs, the fair market value of a share of our common stock will be determined based on the closing trading price of a share of our common stock on the Nasdaq on the last business day prior to the Expiration Time (the “**Closing Price**”). However, in no event will you be eligible to receive a greater number of New RSUs than the number of shares underlying your Eligible Options (i.e., in no event will the exchange ratio be greater than 100%).

Because the methodology used to calculate the final exchange ratio will include the future volume-weighted trading prices of our common stock, the Black-Scholes value of the Eligible Options and New RSUs, as well as the exact exchange ratios, will not be known until shortly after 1:00 p.m., U.S. Pacific Time, on the last business day prior to the Expiration Time, which is currently expected to be Friday, November 9, 2018. After 1:00 p.m. (and no later than 5:00 pm),

U.S. Pacific Time, on such date, we will distribute by e-mail to all Eligible Holders the exact exchange ratios to be used in the Exchange Offer with respect to each of their Eligible Options. The exchange ratios separately apply to each Eligible Option based primarily upon its original exercise price, its remaining estimated life, and corresponding estimate for volatility. This means that if you hold various Eligible Options with different exercise prices, they may each be subject to different exchange ratios.

For illustrative purposes only, below is a table setting forth hypothetical exchange ratios that would be used in the Exchange Offer assuming various 20-Day VWAPs and Closing Prices. For example, if you hold an Eligible Option to purchase 1,000 shares at an exercise price of \$8.76 per share, and the 20-Day VWAP is \$3.00 and the Closing Price is \$3.00, the exchange ratio would be 59.34%, which means you would receive .5934 New RSUs for every one share underlying an Eligible Option; accordingly, your 1,000 Eligible Options would be exchanged for 593 New RSUs (i.e., 1,000 x 59.34%).

Hypothetical Exchange Ratios for Eligible Options

Eligible Option Exercise Price	\$1.00 20-Day VWAP			\$3.00 20-Day VWAP			\$5.00 20-Day VWAP		
	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price	Exchange Ratio - \$1.00 Closing Price	Exchange Ratio - \$3.00 Closing Price	Exchange Ratio - \$5.00 Closing Price
\$4.56	6.09%	2.03%	1.22%	81.37%	27.12%	16.27%	100.00%	70.21%	42.13%
\$7.67	43.57%	14.52%	8.71%	100.00%	61.43%	36.86%	100.00%	100.00%	69.00%
\$7.92	43.05%	14.35%	8.61%	100.00%	60.93%	36.56%	100.00%	100.00%	68.54%
\$8.46	41.98%	13.99%	8.40%	100.00%	59.89%	35.93%	100.00%	100.00%	67.59%
\$8.52	41.87%	13.96%	8.37%	100.00%	59.78%	35.87%	100.00%	100.00%	67.49%
\$8.66	41.60%	13.87%	8.32%	100.00%	59.51%	35.71%	100.00%	100.00%	67.25%
\$8.76	41.42%	13.81%	8.28%	100.00%	59.34%	35.60%	100.00%	100.00%	67.08%
\$10.56	38.43%	12.81%	7.69%	100.00%	56.35%	33.81%	100.00%	100.00%	64.30%
\$10.68	38.25%	12.75%	7.65%	100.00%	56.17%	33.70%	100.00%	100.00%	64.13%
\$12.24	36.11%	12.04%	7.22%	100.00%	53.96%	32.37%	100.00%	100.00%	62.04%
\$12.60	35.66%	11.89%	7.13%	100.00%	53.49%	32.09%	100.00%	100.00%	61.59%
\$14.04	34.00%	11.33%	6.80%	100.00%	51.72%	31.03%	100.00%	99.83%	59.90%
\$14.40	33.61%	11.20%	6.72%	100.00%	51.30%	30.78%	100.00%	99.16%	59.50%
\$14.88	33.12%	11.04%	6.62%	100.00%	50.76%	30.46%	100.00%	98.30%	58.98%
\$16.56	31.52%	10.51%	6.30%	100.00%	49.01%	29.40%	100.00%	95.45%	57.27%
\$17.40	30.79%	10.26%	6.16%	100.00%	48.20%	28.92%	100.00%	94.13%	56.48%
\$19.80	28.92%	9.64%	5.78%	100.00%	46.08%	27.65%	100.00%	90.64%	54.39%
\$20.40	28.49%	9.50%	5.70%	100.00%	45.59%	27.35%	100.00%	89.84%	53.90%
\$20.88	28.16%	9.39%	5.63%	100.00%	45.21%	27.12%	100.00%	89.20%	53.52%
\$27.60	8.73%	2.91%	1.75%	65.08%	21.69%	13.02%	100.00%	50.25%	30.15%
\$31.92	14.83%	4.94%	2.97%	88.59%	29.53%	17.72%	100.00%	63.26%	37.95%
\$39.60	19.88%	6.63%	3.98%	100.00%	34.98%	20.99%	100.00%	71.75%	43.05%
\$42.24	19.13%	6.38%	3.83%	100.00%	33.99%	20.40%	100.00%	70.01%	42.00%

\$53.28	10.01%	3.34%	2.00%	65.96%	21.99%	13.19%	100.00%	49.12%	29.47%
\$56.76	12.52%	4.17%	2.50%	75.87%	25.29%	15.17%	100.00%	54.78%	32.87%
\$57.36	9.42%	3.14%	1.88%	62.99%	21.00%	12.60%	100.00%	47.20%	28.32%
\$57.72	9.37%	3.12%	1.87%	62.74%	20.91%	12.55%	100.00%	47.04%	28.22%
\$66.36	14.38%	4.79%	2.88%	82.17%	27.39%	16.43%	100.00%	58.10%	34.86%
\$69.24	13.98%	4.66%	2.80%	80.40%	26.80%	16.08%	100.00%	57.01%	34.21%
\$73.56	10.31%	3.44%	2.06%	65.40%	21.80%	13.08%	100.00%	48.16%	28.90%
\$74.40	13.31%	4.44%	2.66%	77.46%	25.82%	15.49%	100.00%	55.19%	33.12%
\$74.64	13.29%	4.43%	2.66%	77.33%	25.78%	15.47%	100.00%	55.11%	33.07%
\$78.60	12.82%	4.27%	2.56%	75.25%	25.08%	15.05%	100.00%	53.82%	32.29%
\$78.84	12.80%	4.27%	2.56%	75.13%	25.04%	15.03%	100.00%	53.74%	32.25%
\$92.04	8.64%	2.88%	1.73%	57.04%	19.01%	11.41%	100.00%	42.74%	25.65%
\$93.24	11.37%	3.79%	2.27%	68.58%	22.86%	13.72%	100.00%	49.63%	29.78%
\$102.84	10.59%	3.53%	2.12%	64.90%	21.63%	12.98%	100.00%	47.30%	28.38%
\$105.36	10.41%	3.47%	2.08%	64.01%	21.34%	12.80%	100.00%	46.73%	28.04%
\$111.84	7.35%	2.45%	1.47%	50.32%	16.77%	10.06%	100.00%	38.29%	22.98%
\$114.12	7.23%	2.41%	1.45%	49.66%	16.55%	9.93%	100.00%	37.85%	22.71%
\$118.08	9.56%	3.19%	1.91%	59.92%	19.97%	11.98%	100.00%	44.09%	26.45%
\$120.24	9.43%	3.14%	1.89%	59.28%	19.76%	11.86%	100.00%	43.68%	26.21%
\$121.20	6.87%	2.29%	1.37%	47.70%	15.90%	9.54%	100.00%	36.54%	21.92%
\$128.40	8.97%	2.99%	1.79%	57.01%	19.00%	11.40%	100.00%	42.20%	25.32%
\$213.12	5.97%	1.99%	1.19%	41.27%	13.76%	8.25%	95.12%	31.71%	19.02%

Expiration and Extension of the Exchange Offer

The Exchange Offer is scheduled to expire at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018, unless and until we, in our sole discretion, extend the expiration date of the Exchange Offer, such time and date referred to as the “**Expiration Time**”. See Section 13 (“Extension of Exchange Offer; Termination; Amendment”) for a description of our rights to extend, terminate and amend the Exchange Offer.

If you do not elect to tender your Eligible Options prior to the Expiration Time, such awards will remain subject to their current terms, including the current exercise price and vesting schedule.

Section 2. Purpose of the Exchange Offer; Additional Considerations.

Equity Awards are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. We believe equity awards help us achieve this objective in several important ways: by aligning our with the interests of our employees and other service providers, including our Non-Employee Directors, with those of our stockholders; by motivating performance toward our long term success; and by encouraging our executives, employees and service providers who have received equity award grants to continue their employment or service with us.

During the past several fiscal years, our stock price has declined. As of the date of this Exchange Offer, 100% of our outstanding stock options are “underwater,” meaning the exercise

price of each of those options is greater than our current stock price, with exercise prices ranging from \$4.56 to over \$200 per share; a significant portion of these options have been “underwater” for more than two years. Specifically, all stock options granted between February 2012 and October 2016 have been “underwater” in their entirety for more than two years. This means that our historically granted stock options may have little or no perceived value to those who hold them and therefore may no longer be effective as incentives to motivate and retain these individuals.

The Board believes that it is critical to our future success to revitalize the incentive value of our outstanding equity awards to retain and motivate employees, directors, consultants and advisors and recreate a personal stake in the long term financial success of Regulus, and thereby align their interests with those of our stockholders. The Board believes that with the proper balance between the long term components of our compensation structure (i.e., equity awards) and its short term components (i.e., salary and bonus), our employees and service providers will be properly motivated to align their interests with those of the stockholders and work toward reward for their contributions based upon increases in stock value. The Board also recognizes our competition’s ability to attract and recruit top talent and views it as critical goal that Regulus be able to retain and motivate key employees in this way. The Board believes that it has a responsibility to address these issues and to properly incentivize our employees and other service providers.

Further, the New RSUs that Employees will receive in the Exchange Offer can be earned only if performance goals key to our Company’s future success are achieved (in addition to continued service), thereby further incentivizing our Employees to achieve these goals to drive increases in our long-term value for stockholders.

Shares of our common stock underlying Eligible Options granted under our 2009 Equity Incentive Plan or the 2012 Plan that are properly exchanged in the Exchange Offer will return to our 2012 Plan and become available for issuance under new stock award grants under our 2012 Plan, including the New RSUs. Shares of our common stock underlying Eligible Options granted under our 2015 Inducement Plan that are properly exchanged in the Exchange Offer will not become available for grant under the 2012 Plan or otherwise.

In deciding whether to tender one or more Eligible Options pursuant to the Exchange Offer, you should know that we continually evaluate and explore strategic opportunities as they arise. At any given time, we may be engaged in discussions or negotiations with respect to one or more corporate transactions of the type described below. We also grant equity awards in the ordinary course of business to our directors and our current and new employees, including our executive officers. Our directors and employees, including our executive officers, from time to time may acquire or dispose of our securities. We may from time to time repurchase our own outstanding securities after we have announced any decision by the Board to authorize us to do so, in accordance with applicable securities laws. In addition, we may pursue opportunities to raise additional capital through the issuance of equity or convertible debt securities. If this occurs, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. We cannot assure you that additional financing will be available on terms favorable to us, or at all.

Subject to the foregoing and except as otherwise disclosed in the Exchange Offer or in our filings with the SEC, we currently have no plans, proposals or negotiations that relate to or would result in:

- any extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving us;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any material change in our present board of directors or executive management team, including any plans to change the number or term of our directors or to fill any existing board vacancies or to change the material terms of any executive officer's employment;
- any other material change in our corporate structure or business;
- our common stock not being traded on a national securities exchange;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended, or the Exchange Act;
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course or pursuant to existing options or other rights; or
- any change in our certificate of incorporation or bylaws, or any actions that may impede the acquisition of control of us by any person.

WE DO NOT EXPRESS ANY OPINION OR MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU SHOULD EVALUATE CAREFULLY ALL OF THE INFORMATION IN THE EXCHANGE OFFER AND CONSULT YOUR OWN FINANCIAL AND TAX ADVISORS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS FOR EXCHANGE.

Section 3. Procedures for Tendering Eligible Options.

If you wish to tender any or all of your Eligible Options for exchange, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended), by one of the two following means:

By Hand (during regular business hours on regular business days):

To: Daniel Chevallard, Chief Financial Officer

By Email (By PDF or similar imaged document file) (at any time prior to the Expiration Time):

To Daniel Chevallard at TenderOffer@regulusrx.com

Except as described in the following sentence, the Election Form must be signed by the Eligible Holder who tendered the Eligible Option exactly as the Eligible Holder's name appears on the stock option grant notice and agreement relating to the Eligible Option. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Election Form. You do not need to return your stock option grant notice or award agreements relating to any tendered Eligible Options, as they will be automatically cancelled in exchange for New RSUs if we accept your Eligible Options for exchange.

Your Eligible Options will not be considered tendered until we receive the properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended). If you miss this deadline or submit an Election Form that is not properly completed as of the deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by hand or by email (by PDF or similar imaged document file). The method of delivery is at your own option and risk. You are responsible for making sure that the Election Form is delivered to the person indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form before 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 (or such later date as may apply if the Exchange Offer is extended).

Determination of Validity; Rejection of Eligible Options; Waiver of Defects; No Obligation to Give Notice of Defects.

To validly tender your Eligible Options pursuant to the Exchange Offer you must remain an Eligible Holder and must not have given a notice of resignation or received a notice of termination prior to the first business day after the Expiration Time.

If you elect to tender an Eligible Option for exchange, you must tender the entire Eligible Option. If you have received multiple option grants from us that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender as few or as many of your Eligible Option grants as you wish. However, if you elect to tender an Eligible Option for exchange, you must tender the entire outstanding (i.e. unexercised) portion of that Eligible Option. If you tender one Eligible Option grant in the Exchange Offer, you do not need to tender any other Eligible Option grants you may hold. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Options that are properly tendered.

We will determine all questions as to form of documents and the validity, eligibility, time of receipt and acceptance of any tender of Eligible Options. Neither Regulus nor any other person is obligated to give notice of any defects or irregularities in tenders. No tender of Eligible Options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Eligible Holder or waived by us. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties.

This is a one-time offer, and we will strictly enforce this offer period, subject only to any extension of the expiration date of the Exchange Offer that we may grant in our sole discretion. Subject to Rule 13e-4 under the Exchange Act, we also reserve the right to waive any of the conditions of the Exchange Offer or any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder.

Our Acceptance Constitutes an Agreement.

Your tender of Eligible Options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Exchange Offer and will be controlling, absolute and final, subject to your withdrawal rights under Section 4 (“Withdrawal Rights”) and our acceptance of your tendered Eligible Options in accordance with Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”). Our acceptance for exchange of Eligible Options tendered by you pursuant to the Exchange Offer will constitute a binding agreement between Regulus and you upon the terms and subject to the conditions of the Exchange Offer.

Subject to our rights to terminate and amend the Exchange Offer in accordance with Section 6 (“Conditions of the Exchange Offer”), we expect to accept for exchange all properly tendered Eligible Options that have not been validly withdrawn at the Effective Time, and we expect to cancel the Eligible Options accepted in exchange for the grant of the New RSUs on the first business day following the Expiration Time (such date, the “**New RSU Grant Date**”) with the New RSU Terms. If the Expiration Time is extended, then the New RSU Grant Date would be similarly extended.

Section 4. Withdrawal Rights.

If you elect to accept the Exchange Offer as to some or all of your Eligible Options and later change your mind, you may withdraw your tendered option grants by following the procedure described in this Section 4. Please note that, just as you may not tender only part of an Eligible Option grant, you also may not withdraw your election with respect to only a portion of an Eligible Option grant. If you elect to withdraw a previously tendered Eligible Option grant, you must withdraw the entire Eligible Option, but need not withdraw any other tendered Eligible Options.

We will permit any options tendered in the Exchange Offer to be withdrawn at any time during the period the Exchange Offer remains open, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options that have not been accepted at any time after 11:59 p.m. U.S. Pacific Time on Tuesday, December 11, 2018. Please note that, upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn at the Expiration Time, which is expected to be 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018, unless further extended.

To validly withdraw tendered Eligible Options, you must deliver to us (using one of the same delivery methods described in Section 3) a properly completed and signed Notice of Withdrawal while you still have the right to withdraw the tendered Eligible Options. Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline for withdrawal but remain an Eligible Holder of Regulus, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer.

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to the person and in the manner indicated in Section 3 above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time.

The Notice of Withdrawal must specify the Eligible Options to be withdrawn. Except as described in the following sentence, the Notice of Withdrawal must be signed by the Eligible Holder who tendered the Eligible Options to be withdrawn exactly as such Eligible Holder's name appears on the Election Form previously submitted. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Notice of Withdrawal. We have filed with the U.S. Securities and Exchange Commission ("**SEC**") a form of the Notice of Withdrawal as an exhibit to the Schedule TO. We will deliver a copy of the Notice of Withdrawal form to all optionholders that validly elect to participate in the Exchange Offer.

You may not rescind any withdrawal, and any Eligible Options you withdraw will thereafter be deemed not properly tendered for purposes of the Exchange Offer, unless you properly re-tender those Eligible Options before the expiration date of the Exchange Offer by following the procedures described in Section 3 of this Offering Memorandum.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice of Withdrawal, nor will anyone incur any liability for failing to give notice of any defects or irregularities. We will determine all questions as to the form and validity, including time of receipt, of Notices of Withdrawal. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determinations of these matters will be final and binding.

Section 5. Acceptance of Eligible Options for Exchange; Grant of New RSUs.

Upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn at the Expiration Time, which is currently scheduled to expire at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018, unless extended (or if we have not accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018). We expect to cancel the Eligible Options accepted for exchange in exchange for the grant of the New RSUs on the New RSU Grant Date with the New RSU Terms. If the Exchange Offer is extended, then the New RSU Grant Date will be similarly extended.

Promptly after we grant the New RSUs, we will send each tendering Eligible Holder a “confirmation letter” indicating the Eligible Options that we have accepted for exchange. In addition, your grant documents relating to your New RSUs following the New RSU Grant Date will be made available to you via E*trade for your review and acceptance. If you do not have an E*trade account, we will send these documents to you directly. We have filed with the SEC a form of this letter and the New RSU grant documents as an exhibit to the Schedule TO.

If you have tendered Eligible Options under the Exchange Offer and your service terminates for any reason, or if you submit a notice of resignation or receive a notice of termination, before the first business day following the Expiration Date, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange. In that case, generally you may exercise your existing options for a limited time after your termination date to the extent they are vested and in accordance with their terms.

Section 6. Conditions of the Exchange Offer.

Notwithstanding any other provision of the Exchange Offer, we will not be required to accept any Eligible Options tendered for exchange, and we may terminate or amend the Exchange Offer, in each case subject to Rule 13e-4(f)(5) under the Exchange Act, if at any time on or after the date hereof and prior to the expiration date of the Exchange Offer, any of the following events has occurred, or has been determined by us, in our reasonable judgment, to have occurred:

(a) there shall have been threatened or instituted any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Exchange Offer, the exchange of some or all of the Eligible Options tendered for exchange, or otherwise relates in any manner to the Exchange Offer or that, in our reasonable judgment, could materially affect our business, condition (financial or other), assets, income, operations, prospects or stock ownership;

(b) there shall have been threatened, instituted or taken, any action, or any approval, exemption or consent shall have been withheld, or any statute, rule, regulation, judgment, order or injunction shall have been proposed, sought, promulgated, enacted, entered, amended, interpreted, enforced or deemed to be applicable to the Exchange Offer or us, by or from any court or any regulatory or administrative authority, agency or tribunal that, in our reasonable judgment, would directly or indirectly:

(i) make it illegal for us to accept some or all of the tendered Eligible Options for exchange, or otherwise restrict or prohibit consummation of the Exchange Offer or otherwise relate in any manner to the Exchange Offer;

(ii) delay or restrict our ability, or render us unable, to accept the tendered Eligible Options for exchange; or

(iii) impair the contemplated benefits of the Exchange Offer to us;

(c) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or automated quotation system or in the over-the-counter market;

(d) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

(e) the commencement or escalation of a war or other national or international calamity directly or indirectly involving the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the Exchange Offer;

(f) a tender or Exchange Offer (other than the Exchange Offer) with respect to some or all of our capital stock, or a merger or acquisition proposal for us, shall have been proposed, announced or publicly disclosed or we shall have learned that:

(i) any person, entity or "group" within the meaning of Section 13(d)(3) of the Exchange Act has acquired more than 5% of our outstanding common stock, other than a person, entity or group which had publicly disclosed such ownership with the SEC prior to the date of commencement of the Exchange Offer;

(ii) any such person, entity or group which had publicly disclosed such ownership prior to such date has acquired additional common stock constituting more than 1% of our outstanding shares; or

(iii) any new group has been formed that beneficially owns more than 5% of our outstanding common stock that, in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the Exchange Offer or with such acceptance for exchange of Eligible Options;

(g) any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record for financial reporting purposes compensation expense against our earnings in connection with the Exchange Offer, other than as contemplated as of the commencement date of this offer (as described in Section 10 of this Offering Memorandum);

(h) a material loss or interference with our business or properties from fire, explosion, earthquake, flood or other casualty, whether or not covered by insurance, or from any labor dispute;

(i) an increase or decrease of greater than 33% of the market price of our common stock from the price of \$1.95 (the closing price per share of our common stock on October 12, 2018, the date that our board of directors approved the Exchange Offer) or significant volatility in the market price of our stock resulting from any number of factors, including fluctuations in our operating results, announcements of technological innovations or new products, the announcement, commencement, developments in proprietary rights, or changes in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), operating results, operations or prospects or on the trading in our common stock, or that, in our reasonable judgment, makes it inadvisable to proceed with the Exchange Offer;

(j) any of the situations described above existed at the time of commencement of the Exchange Offer and that situation, in our reasonable judgment, deteriorates materially after commencement of the Exchange Offer;

(k) changes in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, financial condition, operating results, operations or prospects or on the trading in our common stock, or that, in our reasonable judgment, makes it inadvisable to proceed with the Exchange Offer; or

(l) any changes occur in our business, financial condition, assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to us.

The conditions to the Exchange Offer are for our benefit. We may assert them prior to the expiration date of the Exchange Offer regardless of the circumstances giving rise to them (other than circumstances caused by our action or inaction). We may waive the conditions, in whole or in part, at any time and from time to time prior to the expiration date of the Exchange Offer, whether or not we waive any other condition to the Exchange Offer. Subject to any order or decision by a court or arbitrator of competent jurisdiction, any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

Section 7. Price Range of Our Common Stock.

The Eligible Options give Eligible Holders the right to acquire shares of our common stock. None of the Eligible Options are traded on any trading market. Our common stock has been traded on Nasdaq under the symbol “*RGLS*.”

The following table sets forth on a per share basis the high and low sales prices for our common stock on Nasdaq during the periods indicated.

	High	Low
Year Ending December 31, 2018		
First quarter	\$ 17.28	\$ 7.56
Second quarter	\$ 9.48	\$ 7.32
Third quarter	\$ 9.00	\$ 2.04
Year Ended December 31, 2017		
First quarter	\$ 31.20	\$11.28
Second quarter	\$ 23.40	\$10.32
Third quarter	\$ 17.28	\$ 9.48
Fourth quarter	\$ 18.24	\$10.20
Year Ended December 31, 2016		
First quarter	\$106.56	\$61.68
Second quarter	\$106.80	\$29.28
Third quarter	\$ 51.00	\$34.56
Fourth quarter	\$ 43.80	\$25.56

As of October 12, 2018, we had four stockholders of record and 8,745,053 shares were issued and outstanding. Because brokers and other institutions on behalf of stockholders hold many of our shares, we are unable to estimate the total number of beneficial stockholders represented by these record holders. On Friday, October 12, 2018, the closing price for our common stock as reported on Nasdaq was \$1.95 per share. We recommend that you obtain current market quotations for our common stock before deciding whether or not to tender your Eligible Options for exchange. The price of our common stock has been, and in the future may be, volatile and could decline. The trading price of our common stock has fluctuated in the past and is expected to continue to do so in the future as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies and that have often been unrelated or disproportionate to the operating performance of those companies.

Section 8. Information Concerning Us; Financial Information.

Information Concerning Us.

We are a clinical-stage biopharmaceutical company focused on discovering and developing first-in-class drugs targeting *microRNAs* to treat diseases with significant unmet medical need. We were formed in 2007 when Alnylam Pharmaceuticals, Inc. and Ionis Pharmaceuticals, Inc. contributed significant intellectual property, know-how and financial and human capital to pursue the development of drugs targeting *microRNAs* pursuant to a license and collaboration agreement.

We were originally formed as a limited liability company under the name Regulus Therapeutics LLC in the State of Delaware in September 2007. In January 2009, we converted Regulus Therapeutics LLC to a Delaware corporation and changed our name to Regulus Therapeutics Inc.

Our principal offices are located at 10614 Science Center Drive, San Diego, California 92121, USA and our telephone number is (858) 202-6300. Our website address is www.regulusrx.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Exchange Offer.

Financial Information.

This Offering Memorandum should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018, and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, filed with the SEC on May 10, 2018, and June 30, 2018, filed with the SEC on August 9, 2018, which are incorporated herein by reference.

Additional Information.

For more information about us, please refer to our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 8, 2018, and our Quarterly Reports for the quarters ended March 31, 2018, filed with the SEC on May 10, 2018, and June 30, 2018, filed with the SEC on August 9, 2018, and our other filings made with the SEC. We recommend

that you review the materials that we have filed with the SEC before making a decision on whether or not to tender your Eligible Options. We will also provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 (“Additional Information”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review such reports.

Section 9. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities.

As of October 12, 2018, our executive officers and Non-Employee Directors as a group held outstanding option grants to purchase an aggregate of 681,007 shares of our common stock with a weighted average exercise price of \$26.53. Eligible Options held by all Eligible Holders to purchase an aggregate of 915,009 shares of our common stock with a weighted average exercise price of \$27.55 per share will be outstanding immediately prior to the scheduled expiration of the Exchange Offer.

The following table shows the number of shares subject to options of Regulus held by our executive officers and Non-Employee Directors as of October 12, 2018, and the number of shares they hold subject to Eligible Options as of October 12, 2018.

	Number of Shares Underlying All Options	Percentage of Shares Underlying All Options	Maximum Number of Shares Underlying Eligible Options	Percentage of Shares Underlying Eligible Options
Executive Officers				
Joseph P. Hagan <i>President, Chief Executive Officer and Director</i>	278,714	24.6%	278,714	30.5%
Timothy Wright, M.D. <i>Chief Research & Development Officer</i>	181,862	16.0%	181,862	19.9%
Daniel R. Chevallard <i>Chief Financial Officer</i>	83,972	7.4%	83,972	9.2%
Non-Employee Directors				
David Baltimore, Ph.D. <i>Director</i>	40,339	3.6%	40,339	4.4%
Stelios Papadopoulos, Ph.D. <i>Director</i>	20,910	1.8%	20,910	2.3%
William H. Rastetter, Ph.D. <i>Director</i>	23,258	2.1%	23,258	2.5%
Hugh Rosen, M.D., Ph.D. <i>Director</i>	19,245	1.7%	19,245	2.1%
Kathryn Collier <i>Director</i>	16,874	1.5%	16,874	1.8%
Pascale Witz <i>Director</i>	15,833	1.4%	15,833	1.7%
Total				

Except as otherwise described in the Exchange Offer or in our filings with the SEC, including our Definitive Proxy Statement filed on Schedule 14A on April 20, 2018, our Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 8, 2018, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, filed with the SEC on May 10, 2018, and June 30, 2018, filed with the SEC on August 9, 2018, and other than outstanding stock

options and other stock awards granted to our directors, executive officers and other employees and consultants pursuant to our various equity incentive plans, which are described in the notes to our consolidated financial statements as set forth in the above-referenced Annual and Quarterly Reports, neither we nor, to our knowledge, any of our executive officers or directors, any person controlling us or any executive officer or director of such control person, is a party to any agreement, arrangement or understanding with respect to any of our securities, including but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

During the past 60 days, we have not granted any other Eligible Options and no Eligible Options have been exercised. Neither we, nor, to the best of our knowledge, any member of our Board or any of our executive officers, nor any affiliate of ours, engaged in transactions involving the Eligible Options during the past 60 days.

Section 10. Accounting Consequences of the Exchange Offer.

We have adopted the provisions of Financial Accounting Standard Board ASC Topic 718, (“*ASC 718*”) regarding accounting for share-based payments. Under ASC 718, we will recognize the grant date fair value of the tendered Eligible Options, plus the incremental compensation cost of the New RSUs. The incremental compensation cost will be measured as the excess, if any, of the fair value of the New RSUs over the fair value of the original Eligible Options prior to exchange. The fair value of the New RSUs will be measured as of the New RSU Grant Date and the fair value of the Eligible Options surrendered will be measured as of the Expiration Time. This incremental compensation cost, if any, will be recognized in compensation expense ratably over the vesting period of the New RSUs.

The amount of compensation cost will depend on a number of factors, including the level of participation in the Exchange Offer and the exercise price per share of Eligible Options, as applicable, exchanged in the Exchange Offer. Since these factors cannot be predicted with any certainty at this time and will not be known until the expiration of the Exchange Offer, we cannot predict the exact amount of the charge that would result from the Exchange Offer.

Section 162(m) of the Internal Revenue Code limits the extent to which a company can take an income tax deduction for ordinary income recognized as a result of compensation paid to certain of its top executive officers, to the extent such officer’s compensation exceeds \$1 million per year. The exemption from the deduction limit under Section 162(m) of the Code for “performance-based compensation” has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our “covered employees” in excess of \$1 million per year will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. The 2012 Plan contains certain limits on the shares of Company common stock that may be subject to awards granted under the 2012 Plan to any one recipient in any one calendar year, to the extent such awards are intended to be “qualified performance-based compensation” under Section 162(m) of the Code. The New RSUs are not intended to satisfy the requirements to be considered “qualified performance-based compensation” under Section 162(m) of the Code nor are they intended to be “Performance Stock Awards” under the Plan, and therefore the New RSUs are not subject to the limits on such types of awards set forth in the 2012 Plan. As a result, Regulus will not be entitled to an income tax deduction for any compensation paid pursuant to the New RSUs to “covered employees” under Section 162(m) that is in excess of \$1 million per year.

Section 11. Legal Matters; Regulatory Approvals.

The Exchange Offer is required to comply with the SEC's rules and regulations, including the requirements of Schedule TO. We are not aware of any material pending or threatened legal actions or proceedings relating to the Exchange Offer. We are not aware of any margin requirements or anti-trust laws applicable to the Exchange Offer. We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of Eligible Options and grant of New RSUs as contemplated by the Exchange Offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the completion of the Exchange Offer as contemplated herein. Should any such approval or other action be required, we currently contemplate that we will use commercially reasonable efforts to seek such approval or take such other action. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the Exchange Offer to accept tendered Eligible Options for exchange and to grant New RSUs with the New RSU Terms would be subject to obtaining any such governmental approval.

Section 12. Material United States Tax Consequences.

The following is a summary of the anticipated material U.S. federal income tax consequences of the Exchange Offer. This tax summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of Eligible Holders. The tax consequences for individuals who are subject to the tax laws of a country other than the United States or of more than one country may differ from the U.S. federal income tax consequences summarized herein. The rules governing the tax treatment of stock options are complex. *You should consult with your tax advisor to determine the personal tax consequences to you of rejecting or participating in the Exchange Offer.*

Based on U.S. federal income tax laws in effect on the date of this Offer, the Exchange Offer is expected to be treated as a non-taxable exchange for U.S. federal income tax purposes, and we and Eligible Holders should recognize no income for U.S. federal income tax purposes upon the surrender of Eligible Options and grant of New RSUs.

Tax Effects of Rejecting the Offer

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. However, if (1) any of your Eligible Options are currently treated as incentive stock options, or ISOs, (2) the Exchange Offer remains outstanding for more than 29 calendar days – that is, if we extend the Exchange Offer beyond the original Expiration Time, and (3) you do not reject this Offer within the first 29 calendar days in which it is outstanding – that

is, by Tuesday, November 13, 2018, your Eligible Options may cease to be treated as ISOs as of the Expiration Time. If the fair market value of our common stock as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your holding periods under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the Expiration Time. Therefore, if you wish to reject this Exchange Offer and you wish to avoid the possible impact on ISO status, you should do so on or prior to 11:59 p.m. U.S. Pacific Time on Tuesday, November 13, 2018.

Tax Effects of Accepting the Offer

Neither the acceptance of the Exchange Offer nor the exchange of your Eligible Options will be a taxable event for U.S. federal income tax purposes. You will not recognize any income, gain or loss as a result of the exchange and cancellation of your Eligible Options for New RSUs for U.S. federal income tax purposes.

Taxation of Incentive Stock Options

Generally, an optionholder will not recognize any income, gain or loss on the granting of an ISO. Upon the exercise of an ISO, an optionholder is typically not subject to U.S. federal income tax except for the possible imposition of alternative minimum tax. Rather, the optionholder is taxed for U.S. federal income tax purposes at the time he or she disposes of the stock subject to the option.

If the date upon which the optionholder disposes of the stock subject to an ISO is more than two years from the date on which the ISO was granted (the “**2-Year Holding Period**”) and more than one year from the date on which the optionholder exercised the option (the “**1-Year Holding Period**”), then the optionholder’s entire gain or loss is characterized as long-term capital gain or loss, rather than as ordinary income. However, if the optionholder fails to satisfy both the 2-Year Holding Period and the 1-Year Holding Period, then a portion of the optionholder’s profit from the sale of the stock subject to the ISO will be characterized as ordinary income and a portion may be short-term capital gain if the 1-year Holding Period has not been satisfied. The portion of the profit that is characterized as ordinary income will be equal to the lesser of (a) the excess of the fair market value of the stock on the date of exercise over the exercise price of the option and (b) the excess of the sales price over the exercise price of the option. This deferral of the recognition of tax until the time of sale of the stock, as well as the possible treatment of the “spread” as long-term capital gain, are the principal advantages of your options being treated as ISOs.

Taxation of Nonstatutory Stock Options (“NSOs”)

Generally, an optionholder will not recognize any income, gain or loss on the granting of an NSO. Upon the exercise of an NSO, an optionholder will recognize ordinary income on each purchased share equal to the difference between the fair market value of the stock on the date of exercise and the exercise price of the NSO. Subject to the \$1 million annual deduction limitations of Section 162(m) of the Code, the Company will be entitled to a concurrent income tax deduction equal to the ordinary income recognized by the optionholder.

If and when an optionholder sells the stock purchased upon the exercise of an NSO, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of exercise, will be treated as a capital gain or loss. If the optionholder has held those shares for more than one year from the date of exercise, such gain or loss will be a long-term capital gain or loss. If the optionholder has held those shares for not more than one year from the date of exercise, such gain or loss will be a short-term capital gain or loss.

Taxation of Restricted Stock Units

Generally, an individual will not recognize any income, gain or loss on the granting of an RSU. Upon the vesting of an RSU and the issuance of the vested RSU shares, an individual will recognize ordinary income on each issued share equal to the fair market value of the shares on the date of issuance. As described above under Section 10 (“Accounting Consequences of the Exchange Offer”), the New RSUs are not intended to satisfy the requirements to be considered “qualified performance-based compensation” under Section 162(m) of the Code and as a result, the Company will not be entitled to a concurrent income tax deduction equal to the ordinary income recognized by the holder of the New RSU upon share issuance who is a “covered employee” under Section 162(m) that is in excess of the \$1 million per year deduction limitation.

If and when an individual sells the stock issued upon the vesting of an RSU, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of issuance, will be treated as a capital gain or loss. If the individual has held those shares for more than one year from the date of issuance, such gain or loss will be a long-term capital gain or loss. If the individual has held those shares for not more than one year from the date of issuance, such gain or loss will be a short-term capital gain or loss.

Withholding

We will withhold all required local, state, federal, foreign and other taxes and any other amount required to be withheld by any governmental authority or law with respect to ordinary compensation income recognized with respect to the exercise of a stock option by an award holder who has been employed by us and with respect to the issuance of vested RSU shares to an award holder who has been employed by us. We will require any such Eligible Holder to make arrangements to satisfy this withholding obligation prior to the delivery or transfer of any shares of our common stock.

Section 13. Extension of the Exchange Offer; Termination; Amendment.

We may, from time to time, extend the period of time during which the Exchange Offer is open and delay accepting any Eligible Options tendered to us by disseminating notice of the extension to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by Rule 13e-4(e)(3) under the Exchange Act. If the Exchange Offer is extended, we will provide appropriate notice of the extension and the new expiration date no later than 6:00 a.m. U.S. Pacific Time on the next business day following the previously scheduled expiration date of the Exchange Offer. For purposes of the Exchange Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

We also expressly reserve the right, in our reasonable judgment, prior to the expiration date of the Exchange Offer, to terminate or amend the Exchange Offer upon the occurrence of any of the conditions specified in Section 6 (“Conditions of the Exchange Offer”), by disseminating notice of the termination to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by applicable law.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 (“Conditions of the Exchange Offer”), has occurred or is deemed by us to have occurred, to amend the Exchange Offer in any respect prior to the expiration date. Any notice of such amendment required pursuant to the Exchange Offer or applicable law will be disseminated promptly to Eligible Holders in a manner reasonably designed to inform Eligible Holders of such change and filed with the SEC as an amendment to the Schedule TO.

If we materially change the terms of the Exchange Offer or the information concerning the Exchange Offer, or if we waive a material condition of the Exchange Offer, we will extend the Exchange Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. Under these rules, the minimum period during which a tender or Exchange Offer must remain open following material changes in the terms of or information concerning a tender or Exchange Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

In addition, if we decide to take any of the following actions, we will publish notice or otherwise inform you in writing of such action and keep the Exchange Offer open for at least 10 business days after the date of such notification:

- we increase or decrease the amount of consideration offered for the Eligible Options; or
- we increase or decrease the number of Eligible Options that may be tendered in the Exchange Offer.

Section 14. Fees and Expenses.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Eligible Options pursuant to the Exchange Offer. You will be responsible for any expenses incurred by you in connection with your election to participate in the Exchange Offer, including, but not limited to, mailing, faxing and telephone expenses, as well as any expenses associated with any tax, legal or other advisor consulted or retained by you in connection with the Exchange Offer.

Section 15. Additional Information.

With respect to the Exchange Offer, we have filed with the SEC a Tender Offer Statement on Schedule TO, as may be amended, of which the Exchange Offer is a part. The Exchange Offer

document does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. Before making a decision on whether or not to tender your Eligible Options, we highly recommend that you review the Schedule TO, including its exhibits, and the following materials that we have filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on May 10, 2018;
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed with the SEC on August 9, 2018;
- our Definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, filed with the SEC on April 20, 2018;
- our Current Report on Form 8-K filed with the SEC on March 22, 2018;
- our Current Report on Form 8-K filed with the SEC on April 17, 2018;
- our Current Report on Form 8-K filed with the SEC on April 27, 2018;
- our Current Report on Form 8-K filed with the SEC on June 5, 2018;
- our Current Report on Form 8-K filed with the SEC on July 6, 2018;
- our Current Report on Form 8-K filed with the SEC August 9, 2018;
- our Current Report on Form 8-K filed with the SEC on October 2, 2018; and
- the description of our common stock contained in our registration statement on Form 8-A filed with the SEC on September 27, 2012, including any amendments or reports filed for the purposes of updating this description.

These filings may be examined, and copies may be obtained, at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, DC 20549.

You may obtain information on the operation of the public reference room by calling the SEC at (800) SEC-0330. Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish it to the SEC.

We will also promptly provide without charge to each person to whom we deliver a copy of the Exchange Offer, upon their written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to TenderOffer@regulusrx.com.

The information about us contained in the Exchange Offer should be read together with the information contained in the documents to which we have referred you.

Section 16. Miscellaneous.

The Exchange Offer and our SEC reports referred to above include forward-looking statements. Words such as “believes,” “will,” “should,” “could,” “expects,” “anticipates,” “estimates,” “plans,” “objectives,” and other similar statements of expectation identify forward-looking statements. These forward-looking statements involve risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018, and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, filed with the SEC on May 10, 2018, and June 30, 2018, filed with the SEC on August 9, 2018, that could cause actual results to differ materially from those expressed in the forward-looking statement. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. While we believe our plans, intentions and expectations reflected in these forward-looking statements are reasonable, these plans, intentions or expectations may not be achieved. WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017 BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

REGULUS THERAPEUTICS INC.
October 15, 2018

Subject: Regulus Therapeutics Inc. Offer to Exchange Eligible Options for New Restricted Stock Units

To: Eligible Holders

Date: October 15, 2018

We are pleased to announce that Regulus Therapeutics, Inc. ("**Regulus**") is commencing an Offer to Exchange Eligible Options for New Restricted Stock Units (referred to as the "**Exchange Offer**") today, Monday, October 15, 2018. The Exchange Offer program allows eligible employees and non-employee members of the Board of Directors who received certain stock option grants the opportunity to exchange those options for replacement restricted stock unit awards. The terms of the Exchange Offer are detailed in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018, that was filed with the U.S. Securities and Exchange Commission and can be accessed using the following link: [Offer to Exchange Eligible Options for New Restricted Stock Units](#)

The Exchange Offer and withdrawal rights will remain open until **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended. If any of the conditions to the Offer are not satisfied or waived, Regulus will terminate the Exchange Offer and will not be able to accept any tendered options for exchange.

Attached to this e-mail is the Election Form related to the Exchange Offer. You can access a Notice Of Withdrawal form by using the following link: [Notice of Withdrawal of Election Form](#)

You should be aware, as further described in the Offer to Exchange Eligible Options for New Restricted Stock Units, that the terms and conditions of your new restricted stock units ("**New RSUs**"), including the vesting schedule of your New RSUs, will be different from the exchanged options.

Please carefully read all of the documents included in the Offer to Exchange Eligible Options for New Restricted Stock Units. In order to participate in the Exchange Offer, you must meet the criteria and follow the instructions set forth in the attached Election Form, including returning, as indicated in the attached document, your properly completed and signed Election Form by email to TenderOffer@regulusrx.com, or, during normal business hours on business days, by hand to Daniel Chevallard, Chief Financial Officer, so that we receive them before **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018** (or a later expiration date if Regulus extends the Exchange Offer). The documents must be delivered using one of the delivery methods outlined in the instructions to the Election Form.

If you have any additional questions about the Exchange Offer, you can contact me at:

Christopher Aker
Phone: (858) 202-6371
E-Mail: TenderOffer@regulusrx.com

However, please understand that I cannot advise you on whether or not to exchange your Eligible Options. Regulus recommends that you speak with your own financial and tax advisors to address questions about your personal decision whether to participate in the Exchange Offer.

Thanks,

Christopher Aker

VP, Legal Affairs

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ELECTION FORM

Before signing this Election Form, please make sure you have received, read and understand the documents that make up this offer, including (1) the Offer to Exchange Eligible Options for New RSUs dated October 15, 2018 filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail setting forth the terms of the Exchange Offer (as defined therein); (2) the e-mail from Christopher Aker, dated October 15, 2018; (3) the Instructions to this Election Form attached hereto; (4) this Election Form; and (5) the Agreement to the Terms of Election before completing and signing this page. The Exchange Offer is subject to the terms of these documents as they may be amended. The Exchange Offer expires at 5:00 p.m., Pacific Time, on Sunday, November 11, 2018 (the “*Expiration Time*”), unless extended. **PLEASE FOLLOW THE INSTRUCTIONS ATTACHED TO THIS FORM.**

A list of your Eligible Options is attached as Exhibit A. IF YOU WANT TO PARTICIPATE IN THE EXCHANGE OFFER YOU MUST MAKE A SELECTION ON EXHIBIT A. If you wish to participate in the Exchange Offer with respect to any of your Eligible Options, please check the “Yes exchange Eligible Option” box for each Eligible Option on Exhibit A. Each Eligible Option you elect to tender for exchange must be tendered in whole. Please note that if the “No retain Eligible Option” box is checked OR if you fail to check any box for an Eligible Option, the Eligible Option will not be exchanged and your Eligible Option will remain outstanding subject to its original terms.

Each Eligible Option you elect to tender for exchange by timely completing and returning this Election Form (including Exhibit A) will be cancelled and we will grant you a new restricted stock unit award (each a “*New RSU*”) with the following terms (collectively, the “*New RSU Terms*”):

- Each New RSU will not have an exercise or purchase price. Each New RSU will represent your right to receive one share of our common stock for each New RSU that vests in the future.
- The number of shares to be granted to you under your New RSU will be determined using an exchange ratio that takes into account the fair value of your tendered Eligible Option. In no event will you be eligible to receive more New RSUs than the number of shares underlying the Eligible Options exchanged for the New RSUs.
- Each New RSU will be granted under our 2012 Equity Incentive Plan.
- The vesting schedule of each New RSU will be different for employees of Regulus (each, an “*Employee*”) and non-employee members of the board of directors (the “*Board*”) of Regulus (each a “*Non-Employee Director*”). In any case, you must remain in the service of Regulus continuously from the grant date through each vesting date to vest in the New RSU on that date. In the event that your service with Regulus terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.
- If you are an Employee, the New RSU will only be eligible to vest if the Board or compensation committee of the Board (the “*Committee*”) certifies, in its sole discretion, that any one of three performance goals are attained within two (2) years following the grant date of the New RSU. If the Board or Committee certifies that we have met one of the performance goals, 50% of the New RSU will vest on the certification date and 50% of the New RSU will vest in equal three-month installments over the 24-month period following the certification date, provided you remain in the service of Regulus continuously from the grant date through each vesting date. The three performance goals are:
 1. the completion of a strategic transaction or financing that the Board, in its sole discretion, determines is reasonably expected to provide adequate cash runway for achievement of the Company’s strategic objectives;

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2. the Company advances its pipeline by either entering into an agency agreement to resume Phase I clinical trials for its RGLS4326 product candidate for the treatment of autosomal dominant polycystic kidney disease (“*ADPKD*”) or patient enrollment of a Phase II clinical trial for RG-012 for the treatment of Alport syndrome resumes; or
 3. the Company submits an investigational new drug application (“*IND*”) to the U.S. Food and Drug Administration (“*FDA*”) for a new program (e.g., a program targeting the hepatitis B virus (“*HBV*”) or hepatitis C virus (“*HCV*”)) and the IND becomes effective.
- If you are a Non-Employee Director, the New RSU will vest in equal three-month installments over the twelve-month period following the grant date of your New RSU, provided you remain in the service of Regulus continuously from the grant date through each vesting date.

[Remainder of Page Intentionally Left Blank]

BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE EXCHANGE OFFER DOCUMENTS, INCLUDING THIS ELECTION FORM (INCLUDING EXHIBIT A) AND THE FOLLOWING AGREEMENT TO THE TERMS OF ELECTION.

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the Expiration Time, which will be 5:00 p.m., Pacific Time, on Sunday, November 11, 2018, unless we extend the Exchange Offer. The last valid election in place prior to the expiration of the Exchange Offer shall control.

Your signature and submission of this Election Form (including Exhibit A) indicates that you have read and agreed to the Agreement to the Terms of Election attached hereto.

(Signature of Eligible Holder)

(Eligible Holder's Name, please print in full)

Date: _____, 2018

AGREEMENT TO THE TERMS OF ELECTION

To: Regulus Therapeutics Inc. ("**Regulus**")
10614 Science Center Drive
San Diego, California 92121
Attention: Daniel Chevallard
Email: TenderOffer@regulusrx.com

I acknowledge that:

1. I tender to Regulus for exchange those potentially Eligible Options specified on Exhibit A to this Election Form and understand that, upon acceptance by Regulus, this Election Form will constitute a binding agreement between Regulus and me. I have checked the box corresponding to the potentially Eligible Options that I want to tender for exchange.
2. I understand that any election that I make to tender an option for exchange that does not qualify as an Eligible Option will not be accepted and such options will remain in effect with their current terms and conditions following the Exchange Offer.
3. I understand that my Eligible Options will not be eligible for exchange and my election will not be accepted if the exercise price of my Eligible Options is equal to or less than the closing price of a share of Regulus common stock on the last business day prior to the Expiration Time of the Exchange Offer as reported on the NASDAQ Stock Exchange.
4. I understand that if I validly tender an Eligible Option for exchange and such Eligible Option is accepted, such Eligible Option will automatically be cancelled by Regulus in exchange for the grant of new restricted stock units (each, a "**New RSU**") with the applicable New RSU terms described in the Offer to Exchange Eligible Options for New Restricted Stock Units.
5. I understand that the exchange ratios to be used in the Exchange Offer cannot be known at this time and that after 1:00 p.m. (and no later than 5:00 pm), Pacific Time, on the last business day prior to the Expiration Time of the Exchange Offer, Regulus will distribute by e-mail to me the exact exchange ratios to be used in the Exchange Offer with respect to my Eligible Options and I will have until the Expiration Time to make any changes to any election that I have previously made to tender an option for exchange.
6. I understand that each New RSU issued to me will be for the same or a lesser number of shares than the Eligible Options to which such New RSU replaces.
7. I understand that all New RSUs will be granted pursuant to the Regulus 2012 Equity Incentive Plan.
8. I understand that the New RSUs will have a different vesting schedule than the Eligible Options tendered in this Exchange Offer and that it is possible I may never vest in the New RSUs.
9. Regulus has advised me to consult with my own advisors as to the consequences of participating or not participating in the Exchange Offer.
10. To remain eligible to tender Eligible Options for exchange pursuant to the Exchange Offer, I understand that I must remain an Eligible Holder and must not have received nor given a notice of termination prior to the first business day following the time that the Exchange Offer expires, which is scheduled to be **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended. I understand that if I die or cease to provide services to Regulus and its subsidiaries (and have not submitted a notice of resignation or received a notice of termination) prior to the first business day following the time the Exchange Offer expires, Regulus will not accept my Eligible Options for exchange and I or my estate or beneficiaries, as the case may be, will retain my Eligible Options with their current terms and conditions.

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11. I understand that if I cease providing services to Regulus and its subsidiaries for any reason before my New RSUs vest, I will forfeit any unvested portion of my New RSUs, subject to the terms and conditions of my New RSU agreement.
 12. I understand that neither the ability to participate in the Exchange Offer nor actual participation in the Exchange Offer will be construed as a right to continued employment or service with Regulus.
 13. I understand that in accordance with Sections 6 and 13 of the Offer to Exchange Eligible Options for New Restricted Stock Units, Regulus may terminate, modify or amend the Exchange Offer and postpone its acceptance and cancellation of any Eligible Options that I have tendered for exchange. In any such event, I understand that the Eligible Options tendered for exchange but not accepted will remain in effect with their current terms and conditions.
 14. I understand that this election is entirely voluntary, and I am aware that I may change or withdraw my decision to tender my Eligible Options at any time until the Exchange Offer expires as described in the Instructions to Election Form. **I understand that this decision to tender my Eligible Options will be irrevocable as of the Expiration Time at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018, unless the Exchange Offer is extended.**
 15. I understand that I may receive certain future “confirmation letters” or other communications from Regulus in connection with the Exchange Offer, including a communication confirming if Regulus has received this Election Form and whether Regulus ultimately accepts or rejects this Election Form. Unless I have hereby provided Daniel Chevallard with an alternative e-mail address or alternative instructions for contacting me as hereby specified below, I hereby confirm that I will have access to my regular Regulus e-mail for purposes of these future communications.

Alternative contact information:

16. I acknowledge that I have received the Offer to Exchange Eligible Options for New Restricted Stock Units, including the *Summary Term Sheet – Questions and Answers* (collectively, the “**Offer Documents**”) from Regulus, dated October 15, 2018, and I agree to all of the terms and conditions of the Offer Documents.

INSTRUCTIONS TO ELECTION FORM

- 1. DEFINED TERMS.** All terms used in this Election Form but not defined have the meanings given them in the Offer to Exchange Eligible Options for New Restricted Stock Units, dated October 15, 2018 filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail. References in this Election Form to “Regulus,” “we,” “us,” “our,” and “ours” mean Regulus Therapeutics Inc.
- 2. EXPIRATION TIME.** The Exchange Offer and any rights to tender or to withdraw a tender of Eligible Options expire at **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018).
- 3. DELIVERY OF ELECTION FORM.** If you intend to tender Eligible Options under the Exchange Offer, a signed copy of this Election Form must be **received** by Regulus before **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018** (or such later date as may apply if the Exchange Offer is extended) by one of the following two means:

By Hand (during normal business hours on business days only)

To: Daniel Chevallard
Regulus Therapeutics Inc.
10614 Science Center Drive
San Diego, California 92121

By Email (By PDF or similar imaged document file) (at any time prior to the Expiration Time) TenderOffer@regulusrx.com

Your Election Form will be effective only **upon receipt** by us. Regulus will accept delivery of the signed Election Form only by one of the methods of delivery described above. The method of delivery is at your own option and risk. **You are responsible for making sure that the Election Form is delivered to the person indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.**

You are not required to tender any of your Eligible Options for exchange. If you choose to tender for exchange a particular Eligible Option, you must tender the entire option, but need not tender other Eligible Options held by you. On the Election Form, please check the box corresponding to the Eligible Option/s that you wish to tender for exchange. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange and grant you New RSUs.

- 4. WITHDRAWAL OF ELECTION.** Tenders of Eligible Options made under the Exchange Offer may be withdrawn at any time before **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless we extend the expiration date, in which case withdrawals must be received before such later expiration date and time (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018).

To withdraw tendered Eligible Options, you must deliver by hand or email (a PDF or similar imaged document file) a properly completed and signed Notice of Withdrawal to Daniel Chevallard or by email to TenderOffer@regulusrx.com. Withdrawals that are hand delivered must be delivered during normal business hours on business days. Email withdrawals may occur at any time prior to the deadlines described above. Withdrawals may not be rescinded and any Eligible Options withdrawn will not be considered to be properly tendered unless the withdrawn Eligible Options are properly re-tendered before the Expiration Time by following the procedures described in Instruction 3 above.

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5. **SIGNATURES.** Please sign and date this Election Form and complete Exhibit A. Except as described in the following sentence, this Election Form must be signed by the Eligible Holder who holds the Eligible Options to be tendered exactly as such Eligible Holder's name appears on the applicable option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on this Election Form.
 6. **REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance regarding the Exchange Offer (including requests for additional or hard copies of the Exchange Offer or this Election Form) should be directed to TenderOffer@regulusrx.com.
 7. **IRREGULARITIES.** We will determine all questions as to the number of shares subject to Eligible Options tendered and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Eligible Options for exchange. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. We may reject any or all tenders of Eligible Options for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. We may waive any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder before the expiration of the Exchange Offer. No Eligible Options will be accepted for exchange until the Eligible Holder exchanging the Eligible Options has cured all defects or irregularities to our satisfaction, or they have been waived by us, prior to the Expiration Time. Neither we nor any other person is obligated to give notice of any defects or irregularities involved in the exchange of any Eligible Options.
 8. **CONDITIONAL OR CONTINGENT OFFERS.** We will not accept any alternative, conditional or contingent tenders.
 9. **IMPORTANT U.S. TAX INFORMATION.** You should refer to Section 12 of the Offering Memorandum, which contains important U.S. tax information. We encourage you to consult with your own financial and tax advisors if you have questions about your financial or tax situation.

Exhibit A

Eligible Options - Election Choices

Participant Name	Grant Number	Grant Date	Option Exercise Price Per Share	Option Shares Eligible for Exchange as of October 15, 2018	Check the Box Below if you Want to Tender the Eligible Option for Exchange:	
					Yes, exchange Eligible Option	No, retain Eligible Option
					<input type="checkbox"/>	<input type="checkbox"/>

INSTRUCTIONS: *If you wish to participate in the Exchange Offer with respect to any of your Eligible Options, please check the “Yes exchange Eligible Option” box for each Eligible Option listed above. Each Eligible Option you elect to tender for exchange must be tendered in whole.*

Please note that if the “No retain Eligible Option” box is checked OR if you fail to check any box for an Eligible Option, the Eligible Option will not be exchanged and your Eligible Option will remain outstanding subject to its original terms.

**REGULUS THERAPEUTICS INC.
NOTICE OF WITHDRAWAL OF ELECTION FORM**

INSTRUCTIONS

If you previously elected to accept the offer by Regulus Therapeutics Inc. ("**Regulus**") to exchange some or all of your outstanding Eligible Options for New RSUs, subject to the terms and conditions set forth in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the "**Exchange Offer**") and you would like to change your election and withdraw the tender of any of your Eligible Options for exchange, **you must complete and sign this Notice of Withdrawal of Election Form (the "**Notice of Withdrawal**") and return it to Regulus so that we receive it before the Expiration Time at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended. You must allow for delivery time based on the method of delivery that you choose to ensure that we **receive** your Notice of Withdrawal on time. Notwithstanding anything herein to the contrary, unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018.

Once the Notice of Withdrawal is signed and complete, please return it to Regulus by one of the following two means (**before the Expiration Time at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**):

By Hand (during normal business hours on business days only):

To: Daniel Chevallard
Regulus Therapeutics Inc.
10614 Science Center Drive
San Diego, California 92121

By Email (By PDF or similar imaged document file) (at any time prior to the Expiration Time)

To: TenderOffer@regulusrx.com

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered properly as indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we **receive** your Notice of Withdrawal on time. **Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline to submit the Notice of Withdrawal but remain an Eligible Holder, any previously tendered Eligible Options will be cancelled pursuant to the Exchange Offer in exchange for the grant of New RSUs.**

You must sign the Notice of Withdrawal exactly as your name appears on the Election Form you previously submitted. If your signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity for you, the signer's full title and proper evidence of the authority of that person to act in that capacity must be identified on this Notice of Withdrawal.

If you do not receive a confirmation of receipt of your Notice of Withdrawal from us within five business days after the date your Notice of Withdrawal should have been received by us, or if you submit your Notice of Withdrawal less than five business days before Sunday, November 11, 2018, please contact Daniel Chevallard at TenderOffer@regulusrx.com or by telephone at (858) 202-6376 to confirm that we have received your Notice of Withdrawal.

***YOU DO NOT NEED TO COMPLETE AND RETURN THIS NOTICE OF WITHDRAWAL UNLESS
YOU WISH TO WITHDRAW A PREVIOUS TENDER OF ELIGIBLE OPTIONS FOR EXCHANGE.***

NOTICE OF WITHDRAWAL

To: Regulus Pharmaceuticals Inc.
10614 Science Center Drive
San Diego, California 92121
Attention: Daniel Chevillard
Email: TenderOffer@regulusrx.com

I previously received a copy of the Exchange Offer, dated October 15, 2018, and the Election Form. I signed and returned the Election Form, in which I elected to tender some or all of my Eligible Options for exchange. I understand that Regulus will not accept any conditional or partial returns of individual Eligible Option grants and that, if I wish to withdraw my election, for each Eligible Option grant previously tendered, I must withdraw my election as to the entire Eligible Option grant. I wish to change that election and withdraw from the Exchange Offer with respect to the Eligible Option grants listed below:

<u>Grant Number</u>	<u>Grant Date</u>	<u>Option Exercise Price Per Share</u>	<u>Option Shares Eligible for Exchange as of October 15, 2018</u>
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I further understand that, by signing this Notice of Withdrawal and delivering it to Regulus, I withdraw my acceptance of the Exchange Offer with respect to the Eligible Option grants listed above and reject the Exchange Offer. By rejecting the Exchange Offer with respect to the Eligible Option grants listed above, I understand that my Eligible Options will not be cancelled in exchange for the grant of New RSUs, and I will retain those option rights, with their existing exercise price, term, vesting schedule and other terms and conditions. I agree that Regulus has made no representations or warranties to me regarding my rejection of the Exchange Offer. The withdrawal of the Eligible Options listed above is at my own discretion. I agree that Regulus will not be liable for any costs, taxes, losses or damages I may incur as a result of my decision to withdraw the Eligible Options listed above.

I elect to withdraw the Eligible Option grants listed above that I previously chose to exchange pursuant to the Exchange Offer and, therefore, I have completed and signed this Notice of Withdrawal exactly as my name appears on the Election Form that I previously submitted.

Eligible Holder's Signature

Date and Time

Eligible Holder's Name (please print or type)

3.

**FORM OF
COMMUNICATION TO ELIGIBLE HOLDERS PARTICIPATING IN
THE EXCHANGE OFFER CONFIRMING RECEIPT OF ELECTION FORM**

Date: [_____], 2018

To: [_____]

From: Regulus Therapeutics Inc.

Re: Confirmation of Receipt of Election Form

This message confirms that we have received your Election Form. This confirmation should not, however, be construed to imply that the Election Form or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Eligible Options for exchange. If your Election Form is properly completed and signed, and all eligibility requirements are met, we expect to accept your Eligible Options elected for exchange and to grant you New RSUs, subject to the terms and conditions set forth in the Exchange Offer, promptly following the expiration of the Exchange Offer at 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018, unless the Exchange Offer is extended by us. Any Eligible Options listed on your Election Form for which you checked the “Yes, exchange Eligible Option” box, will be cancelled and New RSUs granted in exchange in the manner described in the Exchange Offer.

Unless you withdraw your tendered Eligible Options by providing us a properly completed and signed Notice of Withdrawal before 5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018 or, if the Exchange Offer is extended, before the new termination date (provided, however, that unless we have accepted your tendered Eligible Options, you may also withdraw any such tendered Eligible Options at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018), we will, subject to the conditions of the Exchange Offer, cancel all Eligible Options that you have properly tendered and grant you New RSUs in exchange. If you do not withdraw your tendered Eligible Options and we accept your Eligible Options for exchange, promptly following the expiration of the Exchange Offer we will provide you with a “confirmation letter” confirming that your Eligible Options have been accepted for exchange. In addition, you will separately receive the grant documents relating to the New RSUs for signature via E*trade for your review and acceptance. If you do not have an E*trade account, we will send them to you directly. Your Election Form may be changed or revoked at any time by delivering a new properly completed and signed Election Form Sheet bearing a later date so long as we receive the documents before the expiration of the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, the Election Form or other documents relating to the Exchange Offer) to Daniel Chevallard by sending an email to TenderOffer@regulusrx.com or by calling (858) 202-6376.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the “*Exchange Offer*”).

**FORM OF COMMUNICATION TO ELIGIBLE HOLDERS
CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM**

Date: [_____], 2018

To: [_____]

From: Regulus Therapeutics Inc.

Re: Confirmation of Receipt of Notice of Withdrawal of Election Form

This message confirms that we have received your Notice of Withdrawal of Election Form (the “*Notice of Withdrawal*”). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Notice of Withdrawal. If the Notice of Withdrawal is properly completed and signed and timely received by us, you will have withdrawn all of the Eligible Options listed on the Notice of Withdrawal and you will have revoked your prior acceptance of our offer to exchange such Eligible Options. With respect to those Eligible Options listed on the Notice of Withdrawal, we will not exchange such awards for New RSUs and you will retain your Eligible Options previously tendered for exchange with their existing exercise price, term, vesting schedule and other terms and conditions.

If your Notice of Withdrawal is properly completed and signed, we will accept your rejection of the Exchange Offer. Your Eligible Options listed on the Notice of Withdrawal will remain outstanding after the Offer closes at **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended by us.

You should direct questions about the Offer or requests for assistance (including requests for additional or paper copies of the Offer, the Election Form, or other documents relating to the Offer) to Daniel Chevallard by sending an email to TenderOffer@regulusrx.com or by calling (858) 202-6376.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the “*Exchange Offer*”).

Subject: REMINDER – Regulus Therapeutics Inc. Offer to Exchange Eligible Options for New Restricted Stock Units

To: Eligible Holders

Date: November [], 2018

This email is intended to serve as a reminder that we are nearing the expiration of the Exchange Offer described in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the "*Exchange Offer*"). The Exchange Offer and withdrawal rights will remain open until **5:00 p.m., U.S. Pacific Time, on Sunday, November 11, 2018**, unless the Exchange Offer is extended (provided, however, that if we have not accepted the tendered Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Pacific Time on Tuesday, December 11, 2018). The submission of all Election Forms and/or Notice of Withdrawal forms must be made by the deadline noted above, or the Expiration Time if the expiration of the Exchange Offer is extended. We cannot accept late submissions.

Unless the Exchange Offer is extended, no later than 5:00 p.m., U.S. Pacific Time on Friday, November 9, 2018, we will distribute by email to all eligible participants with the exact exchange ratios to be used in the Exchange Offer. This means that after you receive notification of the final exchange ratios, you will have approximately forty-eight (48) hours before the Expiration Time at 5:00 p.m. U.S. Pacific Time on Sunday November 11, 2018 expiration deadline to make a final decision as to whether to tender or withdraw your Eligible Options.

If you have any questions about the Exchange Offer, you can contact:

Daniel Chevallard
Phone: (858)202-6376
E-Mail: TenderOffer@regulusrx.com

This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO and accompanying documents which you may access through the SEC website at www.sec.gov. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Exchange Offer.

**FORM OF CONFIRMATION LETTER TO ELIGIBLE HOLDERS
PARTICIPATING IN THE EXCHANGE OFFER**

Date: [____], 2018

To: [_____]

From: Regulus Therapeutics Inc.

Re: Confirmation of Acceptance of Election Form

Thank you for your submission of the Election Form. We confirm with this letter that we have accepted your Election Form. Subject to the other terms and conditions of the Exchange Offer, your Eligible Options will be cancelled and New RSUs will be granted to you. Shortly, we will be sending you a grant notice and award agreement for your New RSUs that contain the terms of the New RSUS (the “*New RSU Agreement*”) as described in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the “*Exchange Offer*”). The New RSU Agreement will be delivered electronically via your E*trade account for your review and acceptance; if you do not have an E*trade account, we will send these documents to you directly.

In the meanwhile, if you have any questions, please send an email to TenderOffer@regulusrx.com or call Daniel Chevallard at (858) 202-6376.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Exchange Offer.

EMAIL REGARDING FINAL EXCHANGE RATIOS

Subject: Final Exchange Ratios for Offer to Exchange Eligible Options for New Restricted Stock Units

To: Eligible Holders

Date: [November 9], 2018

We are sending this e-mail to you to notify you of the final exchange ratios to be used in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 (the "*Exchange Offer*"). Below is a table that you can use to calculate the number of New RSUs that you will receive if you validly exchange Eligible Options in the Exchange Offer.

Final Exchange Ratios: Based on a per share stock price of \$[•], which was the closing price of our common stock on November 9, 2018 and a 20-Day VWAP of \$[•], ending as of November 9, 2018, the final exchange ratios applicable to Eligible Options are as follows:

<u>Eligible Option Exercise Price per Share</u>	<u>Exchange Ratio for New RSUs(1)</u>
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(1) If application of the applicable exchange ratio results in a New RSU for a fractional share, the number of New RSUs will be rounded to the nearest whole share.

Illustrative Example: To determine the number of New RSUs you will receive for each Eligible Option, multiply the number of shares subject to the Eligible Option by the applicable exchange ratio, and round to the nearest whole share. For example, if you tender for exchange an Eligible Option to purchase [•] shares that has an exercise price per share of \$[•], the exchange ratio is [•] and accordingly you would receive [•] New RSUs.

The New RSUs will be subject to all of the terms set forth in the Exchange Offer.

This notice does not constitute the Offer to Exchange. The full terms of the offer are described in the Exchange Offer and the related Election Form, and other applicable communications previously made by the Company to you. The terms of the Exchange Offer are available at []. Questions about the offer or requests for assistance should be made by emailing TenderOffer@regulusrx.com or calling Daniel Chevallard at (858) 202 – 6376.

**REGULUS THERAPEUTICS INC.
RESTRICTED STOCK UNIT GRANT NOTICE
(2012 EQUITY INCENTIVE PLAN)**

*You are receiving this Award (as defined below) pursuant to your election to participate in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 under which you gave up options to purchase Common Stock of the Company (as defined below) previously granted to you, as set forth in and pursuant to an Election Form between you and the Company (the “**Exchanged Options**”).*

Regulus Therapeutics Inc. (the “**Company**”), pursuant to Section 6(b) of the Company’s 2012 Equity Incentive Plan (the “**Plan**”), hereby awards to Participant a Restricted Stock Unit Award to be issued the number of shares of the Company’s Common Stock (“**Restricted Stock Units**”) set forth below (the “**Award**”). The Award is subject to all of the terms and conditions as set forth in this grant notice (this “**Restricted Stock Unit Grant Notice**”) and in the Plan and the Restricted Stock Unit Award Agreement (the “**Award Agreement**”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant: _____

Date of Grant: _____

[November 12, 2018]

Grant Number: _____

Number of Restricted Stock Units: _____

Vesting Schedule:

The Restricted Stock Units will only be eligible to vest if (i) the Board or Compensation Committee of the Board (the “**Compensation Committee**”) certifies, in its sole discretion, that any one of the following three performance based goals has been attained within two (2) years following the Date of Grant (the “**Performance Goal Certification**”) and (ii) Participant remains in Continuous Service through the date of the Performance Goal Certification (the “**Performance Goal Certification Date**”):

1. the completion of a strategic transaction or financing that the Board, in its sole discretion, determines is reasonably expected to provide adequate cash runway for achievement of the Company’s strategic objectives;
2. the Company advances its pipeline by either entering into an agency agreement to resume Phase I clinical trials for its RGLS4326 product candidate for the treatment of autosomal dominant polycystic kidney disease (“**ADPKD**”) or patient enrollment of a Phase II clinical trial for RG-012 for the treatment of Alport syndrome resumes; or
3. the Company submits an investigational new drug application (“**IND**”) to the U.S. Food and Drug Administration (“**FDA**”) for a new program (e.g., a program targeting the hepatitis B virus (“**HBV**”) or hepatitis C virus (“**HCV**”)) and the IND becomes effective.

Provided that the Performance Goal Certification occurs, fifty-percent (50%) of the Restricted Stock Units will vest immediately upon the Performance Goal Certification Date, and the remaining 50% of the Restricted Stock Units will vest in equal installments every three months thereafter, over the two-year period following the Performance Goal Certification Date, in each case subject to the Participant's Continuous Service through each such vesting date.

Issuance Schedule: Subject to any Capitalization Adjustment, one share of Common Stock (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, including the Exchanged Options, with the exception, if applicable, of (i) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, (ii) restricted stock unit awards or options previously granted and delivered to Participant (other than the Exchanged Options), and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

REGULUS THERAPEUTICS INC.

PARTICIPANT

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Award Agreement and 2012 Equity Incentive Plan

**REGULUS THERAPEUTICS INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and this Restricted Stock Unit Award Agreement (the “*Agreement*”), Regulus Therapeutics Inc. (the “*Company*”) has awarded you (“*Participant*”) a Restricted Stock Unit Award (the “*Award*”) pursuant to Section 6(b) of the Company’s 2012 Equity Incentive Plan (the “*Plan*”) to be issued the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “*Account*”) the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock. In addition, unless otherwise determined by the Board or Compensation Committee, if the Performance Goal Certification Date has not occurred on or prior to the date that is two (2) years following the Date of Grant, notwithstanding anything to the contrary set forth in this Agreement or the Plan, the Restricted Stock Units will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock as of the two (2) year anniversary of the Date of Grant.

3. NUMBER OF SHARES. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. The Company will, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 3.

4. SECURITIES LAW COMPLIANCE. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

Subject to the satisfaction of the Withholding Taxes set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). Each issuance date determined by this paragraph is referred to as an “*Original Issuance Date*”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Plan**”)), and

(ii) either (1) Withholding Taxes does not apply, or (2) Withholding Taxes apply and the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to then effect a sale on the market under a 10b5-1 Plan and (C) not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company’s Common Stock in the open public market, but in no event later than (a) December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or (b) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d) (such applicable date under (a) or (b), the “**Issuance Deadline**”).

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company. If the Company elects to issue you cash in part or in full satisfaction of the shares of Common Stock issuable upon vesting of your Restricted Stock Units, then the foregoing provisions of this Section 6(b) will not apply and such cash will be paid to you in a lump sum at any time on after the vesting date of your Restricted Stock Units, but in no event later than the Issuance Deadline.

7. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. RESTRICTIVE LEGENDS. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. EXECUTION OF DOCUMENTS. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. AWARD NOT A SERVICE CONTRACT.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "**reorganization**"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant of the Company or an Affiliate for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the right of the Company or an Affiliate to terminate your status as a service provider at any time, with or without cause or notice.

11. WITHHOLDING TAXES.

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "**Withholding Taxes**").

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”) whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the *FINRA Dealer* irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Taxes using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company’s Compensation Committee.

(c) Unless the Withholding Taxes are satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(d) In the event the Withholding Taxes arise prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Taxes was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. TAX CONSEQUENCES. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You acknowledge that the Company is not making representations or undertakings regarding the treatment of your Award in connection with any aspect of your Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalent payments. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the taxes arising in connection with the Award and by accepting the Award, you have agreed that you have done so or knowingly and voluntarily declined to do so.

15. NOTICES. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, if there is any conflict between the provisions of the Award and those of the Plan, the provisions of the Plan will control. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan of or agreement with the Company.

19. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b) (1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

22. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided

in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. SECTION 409A OF THE CODE. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly.

Notwithstanding anything in this Agreement to the contrary, if this Award is subject to Section 409A of the Code and any shares otherwise are issuable under this Award in connection with your termination of employment with the Company, then such shares will not be issuable unless such termination constitutes a “separation from service” (as such term is defined in Treasury Regulations Section 1.409A-1(h) without regard to any alternative definition thereunder) (“*Separation from Service*”). Notwithstanding anything in this Agreement to the contrary, if it is determined that the Award is deferred compensation subject to Section 409A and you are a “Specified Employee” (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your “Separation from Service”, then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the earlier of (i) the date that is six (6) months and one day after the date of the Separation from Service and (ii) the date of your death, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding any contrary provision of the Plan, the Grant Notice, or of this Agreement, under no circumstances will the Company reimburse you for any taxes or other costs under Section 409A of the Code or any other tax law or rule. All such taxes and costs are solely your responsibility.

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

**REGULUS THERAPEUTICS INC.
RESTRICTED STOCK UNIT GRANT NOTICE
(2012 EQUITY INCENTIVE PLAN)**

You are receiving this Award (as defined below) pursuant to your election to participate in the Offer to Exchange Eligible Options for New Restricted Stock Units dated October 15, 2018 under which you gave up options to purchase Common Stock of the Company (as defined below) previously granted to you, as set forth in and pursuant to an Election Form between you and the Company (the "Exchanged Options").

Regulus Therapeutics Inc. (the "**Company**"), pursuant to Section 6(b) of the Company's 2012 Equity Incentive Plan (the "**Plan**"), hereby awards to Participant a Restricted Stock Unit Award to be issued the number of shares of the Company's Common Stock ("**Restricted Stock Units**") set forth below (the "**Award**"). The Award is subject to all of the terms and conditions as set forth in this grant notice (this "**Restricted Stock Unit Grant Notice**") and in the Plan and the Restricted Stock Unit Award Agreement (the "**Award Agreement**"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant:	_____
Date of Grant:	[November 12, 2018]
Grant Number:	_____
Vesting Commencement Date:	[November 12, 2018]
Number of Restricted Stock Units:	_____

Vesting Schedule: [The Restricted Stock Units will vest in four equal quarterly installments on each of February 12, 2019, May 12, 2019, August 12, 2019 and November 12, 2019, subject to the Participant's Continuous Service through each such vesting date.]

Issuance Schedule: Subject to any Capitalization Adjustment, one share of Common Stock (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, including the Exchanged Options, with the exception, if applicable, of (i) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, (ii) restricted stock unit awards or options previously granted and delivered to Participant (other than the Exchanged Options), and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

REGULUS THERAPEUTICS INC.

PARTICIPANT

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Award Agreement and 2012 Equity Incentive Plan

**REGULUS THERAPEUTICS INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and this Restricted Stock Unit Award Agreement (the “*Agreement*”), Regulus Therapeutics Inc. (the “*Company*”) has awarded you (“*Participant*”) a Restricted Stock Unit Award (the “*Award*”) pursuant to Section 6(b) of the Company’s 2012 Equity Incentive Plan (the “*Plan*”) to be issued the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “*Account*”) the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. NUMBER OF SHARES. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. The Company will, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 3.

4. SECURITIES LAW COMPLIANCE. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

Subject to the satisfaction of the Withholding Taxes set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). Each issuance date determined by this paragraph is referred to as an “**Original Issuance Date**”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Plan**”)), and

(ii) either (1) Withholding Taxes does not apply, or (2) Withholding Taxes apply and the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to then effect a sale on the market under a 10b5-1 Plan and (C) not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than (a) December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or (b) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d) (such applicable date under (a) or (b), the "**Issuance Deadline**").

(c) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company. If the Company elects to issue you cash in part or in full satisfaction of the shares of Common Stock issuable upon vesting of your Restricted Stock Units, then the foregoing provisions of this Section 6(b) will not apply and such cash will be paid to you in a lump sum at any time on or after the vesting date of your Restricted Stock Units, but in no event later than the Issuance Deadline.

7. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. RESTRICTIVE LEGENDS. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. EXECUTION OF DOCUMENTS. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. AWARD NOT A SERVICE CONTRACT.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "*reorganization*"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant of the Company or an Affiliate for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the right of the Company or an Affiliate to terminate your status as a service provider at any time, with or without cause or notice.

11. WITHHOLDING TAXES.

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "*Withholding Taxes*").

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "*FINRA Dealer*") whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to

satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Taxes using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee.

(c) Unless the Withholding Taxes are satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(d) In the event the Withholding Taxes arise prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Taxes was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. TAX CONSEQUENCES. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You acknowledge that the Company is not making representations or undertakings regarding the treatment of your Award in connection with any aspect of your Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalent payments. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the taxes arising in connection with the Award and by accepting the Award, you have agreed that you have done so or knowingly and voluntarily declined to do so.

15. NOTICES. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, if there is any conflict between the provisions of the Award and those of the Plan, the provisions of the Plan will control. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan of or agreement with the Company.

19. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b) (1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

22. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. SECTION 409A OF THE CODE. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner and any ambiguities herein shall be

interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly.

Notwithstanding anything in this Agreement to the contrary, if this Award is subject to Section 409A of the Code and any shares otherwise are issuable under this Award in connection with your termination of employment with the Company, then such shares will not be issuable unless such termination constitutes a "separation from service" (as such term is defined in Treasury Regulations Section 1.409A-1(h) without regard to any alternative definition thereunder) ("**Separation from Service**"). Notwithstanding anything in this Agreement to the contrary, if it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service", then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the earlier of (i) the date that is six (6) months and one day after the date of the Separation from Service and (ii) the date of your death, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding any contrary provision of the Plan, the Grant Notice, or of this Agreement, under no circumstances will the Company reimburse you for any taxes or other costs under Section 409A of the Code or any other tax law or rule. All such taxes and costs are solely your responsibility.

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

REGULUS THERAPEUTICS INC.

2012 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: AUGUST 20, 2012

APPROVED BY THE STOCKHOLDERS: SEPTEMBER 7, 2012

IPO DATE/EFFECTIVE DATE: OCTOBER 4, 2012

In accordance with Section 9(a), the maximum number of shares subject to the Plan pursuant to Section 3(a), the maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), and the maximum number of shares that may be awarded to any person pursuant to Sections 3(d) have been updated to give effect to proportional adjustments approved by the Board in connection with a 1-for-12 reverse split of the Company's outstanding Common Stock effected at 5 p.m. Eastern Time on October 3, 2018.

1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is intended as the successor to and continuation of the Regulus Therapeutics Inc. 2009 Equity Incentive Plan, as amended (the "**Prior Plan**"). From and after 12:01 a.m. Pacific time on the Effective Date, no additional stock awards will be granted under the Prior Plan. All Awards granted on or after 12:01 a.m. Pacific Time on the Effective Date will be granted under this Plan. All stock awards granted under the Prior Plan will remain subject to the terms of the Prior Plan.

(i) Any shares that would otherwise remain available for future grants under the Prior Plan as of 12:01 a.m. Pacific Time on the Effective Date (the "**Prior Plan's Available Reserve**") will cease to be available under the Prior Plan at such time. Instead, that number of shares of Common Stock equal to the Prior Plan's Available Reserve will be added to the Share Reserve (as further described in Section 3(a) below) and be then immediately available for grants and issuance pursuant to Stock Awards hereunder, up to the maximum number set forth in Section 3(a) below.

(ii) In addition, from and after 12:01 a.m. Pacific time on the Effective Date, with respect to the aggregate number of shares subject, at such time, to outstanding stock awards granted under the Prior Plan that (i) expire or terminate for any reason prior to exercise or settlement; (ii) are forfeited because of the failure to meet a contingency or condition required to vest such shares or otherwise return to the Company; or (iii) are reacquired, withheld (or not issued) to satisfy a tax withholding obligation in connection with an award or to satisfy the purchase price or exercise price of a stock award (such shares the "**Returning Shares**") will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when such a share becomes a Returning Share, up to the maximum number set forth in Section 3(a) below.

(b) Eligible Award Recipients. Employees, Directors and Consultants are eligible to receive Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) Purpose. This Plan, through the granting of Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

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

(i) To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under his or her then-outstanding Award without his or her written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Awards granted under the Plan compliant with the requirements for Incentive Stock Options or exempt from or compliant with the requirements for nonqualified deferred

compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Award without the Participant's written consent.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 162(m) of the Code regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to Covered Employees, (B) Section 422 of the Code regarding "incentive stock options" or (C) Rule 16b-3.

(viii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws or listing requirements.

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

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash award and/or (6) award of other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) **Section 162(m) and Rule 16b-3 Compliance.** The Committee may consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) **Delegation to an Officer.** The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(x)(iii) below.

(e) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to Section 9(a) relating to Capitalization Adjustments, and the following sentence regarding the annual increase, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 469,201 shares (the “*Share Reserve*”), which number is the sum of (i) 125,000 shares, *plus* (ii) the number of shares subject to the Prior Plan’s Available Reserve (60,981), *plus* (iii) the number of shares that are Returning Shares, as such shares become available from time to time, in an amount not to exceed 283,219 shares. In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1 of the year following the year in which the IPO Date occurs and ending on (and including) January 1, 2022, in an amount equal to 4.0% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 250,000 shares of Common Stock.

(d) Section 162(m) Limitations. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, at such time as the Company may be subject to the applicable provisions of Section 162(m) of the Code, the following limitations shall apply.

(i) A maximum of 125,000 shares of Common Stock subject to Options, SARs and Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the Fair Market Value on the date the Stock Award is granted may be granted to any one Participant during any one calendar year. Notwithstanding the foregoing, if any additional Options, SARs or Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least one hundred percent (100%) of the Fair Market Value on the date the Stock Award is granted to any Participant during any calendar year, compensation attributable to the exercise of such additional Stock Awards will not satisfy the requirements to be considered “qualified performance-based compensation” under Section 162(m) of the Code unless such additional Stock Award is approved by the Company’s stockholders.

(ii) A maximum of 125,000 shares of Common Stock subject to Performance Stock Awards may be granted to any one Participant during any one calendar year (whether the grant, vesting or exercise is contingent upon the attainment during the Performance Period of the Performance Goals).

(iii) A maximum of \$1,500,000.00 may be granted as a Performance Cash Award to any one Participant during any one calendar year.

(e) **Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) **Eligibility for Specific Stock Awards.** Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 of the Securities Act, unless (i) the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in consultation with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) **Ten Percent Stockholders.** A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares

of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant’s estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date of such termination of Continuous Service).

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards.

(i) Performance Stock Awards. A Performance Stock Award is a Stock Award (covering a number of shares not in excess of that set forth in Section 3(d) above) that is payable (including that may be granted, vest or be exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. A Performance Cash Award is a cash award (for a dollar value not in excess of that set forth in Section 3(d) above) that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

(iii) Section 162(m) Compliance. Unless otherwise permitted in compliance with the requirements of Section 162(m) of the Code with respect to an Award intended to qualify as “performance-based compensation” thereunder, the Committee will establish the Performance Goals applicable to, and the formula for calculating the amount payable under, the Award no later than the earlier of (a) the date 90 days after the commencement of the applicable Performance Period, and (b) the date on which 25% of the Performance Period has elapsed, and in any event at a time when the achievement of the applicable Performance Goals remains substantially uncertain. Prior to the payment of any compensation under an Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee will certify the extent to which any Performance Goals and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Common Stock). Notwithstanding satisfaction of any completion of any Performance Goals, the number of shares of Common Stock, Options, cash or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Performance Goals may be reduced by the Committee on the basis of such further considerations as the Committee, in its sole discretion, will determine.

(d) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement as a result of a clerical error in the papering of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with the rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the

then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(i) Electronic Delivery. Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no

distribution or payment of any amount that is due because of a “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

(l) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), (iii) the class(es) and maximum number of securities that may be awarded to any person pursuant to Sections 3(d), and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board will determine (or, if the Board will not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of (i) the date the Plan is adopted by the Board (the "*Adoption Date*"), or (ii) the date the Plan is approved by the stockholders of the Company. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

11. EXISTENCE OF THE PLAN; TIMING OF FIRST GRANT OR EXERCISE.

The Plan will come into existence on the Adoption Date; *provided, however*, no Award may be granted prior to the IPO Date (that is, the Effective Date). In addition, no Stock Award will be exercised (or, in the case of a Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, or Other Stock Award, will be granted) and no Performance Cash Award will be settled unless and until the Plan has been approved by the stockholders of the Company, which approval will be within 12 months after the date the Plan is adopted by the Board.

12. CHOICE OF LAW.

The law of the State of California will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "*Affiliate*" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) "*Award*" means a Stock Award or a Performance Cash Award.

(c) "*Award Agreement*" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

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

(e) "*Capital Stock*" means each and every class of common stock of the Company, regardless of the number of votes per share.

(f) "*Capitalization Adjustment*" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) “**Cause**” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(h) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, (C) on account of the acquisition of securities of the Company by any individual who is, on the IPO Date, either an executive officer or a Director (either, an “**IPO Investor**”) and/or any entity in which an IPO Investor has a direct or indirect interest (whether in the form of voting rights or participation in profits or capital contributions) of more than 50% (collectively, the “**IPO Entities**”) or on account of the IPO Entities continuing to hold shares that come to represent more than 50% of the combined voting power of the Company’s then outstanding securities as a result of the conversion of any class of the Company’s securities into another class of the Company’s securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company’s Amended and Restated Certificate of Incorporation; or (D) solely because the level of Ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; *provided, however*, that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the IPO Entities;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; *provided, however*, that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the IPO Entities; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(i) “*Code*” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j) “*Committee*” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(k) “*Common Stock*” means, as of the IPO Date, the common stock of the Company, having 1 vote per share.

(l) “*Company*” means Regulus Therapeutics Inc., a Delaware corporation.

(m) “*Consultant*” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(n) “*Continuous Service*” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service ; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(o) “*Corporate Transaction*” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 90% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(p) “*Covered Employee*” will have the meaning provided in Section 162(m)(3) of the Code.

(q) “*Director*” means a member of the Board.

(r) “*Disability*” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(s) “*Effective Date*” means the IPO Date.

(t) “*Employee*” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(u) “*Entity*” means a corporation, partnership, limited liability company or other entity.

(v) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(w) “*Exchange Act Person*” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(x) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, **the closing sales price** for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) **on the date of determination**, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(y) “**Incentive Stock Option**” means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(z) “**IPO Date**” means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

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

(bb) “**Nonstatutory Stock Option**” means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(cc) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(dd) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(ee) “**Option Agreement**” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

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

(gg) “*Other Stock Award*” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(hh) “*Other Stock Award Agreement*” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ii) “*Outside Director*” means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an “affiliated corporation,” and does not receive remuneration from the Company or an “affiliated corporation,” either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(jj) “*Own,*” “*Owned,*” “*Owner,*” “*Ownership*” means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

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

(ll) “*Performance Cash Award*” means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(mm) “*Performance Criteria*” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholder’s equity; (x) return on assets, investment, or capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction;

(xxviii) implementation or completion of projects or processes; (xxix) user satisfaction; (xxx) stockholders' equity; (xxxi) capital expenditures; (xxxii) debt levels; (xxxiii) operating profit or net operating profit; (xxxiv) workforce diversity; (xxxv) growth of net income or operating income; (xxxvi) billings; (xxxvii) bookings; (xxxviii) the number of users, including but not limited to unique users; (xxxix) employee retention; (xxxx) and to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board.

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

(oo) "Performance Period" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(pp) “*Performance Stock Award*” means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(qq) “*Plan*” means this Regulus Therapeutics Inc. 2012 Equity Incentive Plan.

(rr) “*Restricted Stock Award*” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(ss) “*Restricted Stock Award Agreement*” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(tt) “*Restricted Stock Unit Award*” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(uu) “*Restricted Stock Unit Award Agreement*” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

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

(ww) “*Securities Act*” means the Securities Act of 1933, as amended.

(xx) “*Stock Appreciation Right*” or “*SAR*” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(yy) “*Stock Appreciation Right Agreement*” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(zz) “*Stock Award*” means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(aaa) “*Stock Award Agreement*” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(bbb) “*Subsidiary*” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(ccc) “*Ten Percent Stockholder*” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Affiliate.