



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#48132**

**DATE: JANUARY 7, 2021**

**SUBJECT: PREVAIL THERAPEUTICS INC. – TENDER OFFER**  
**OPTION SYMBOL: PRVL**  
**DATE: 1/21/21**

Prevail Therapeutics Inc. (PRVL) is the subject of an Offer to Purchase (The “Offer”), as described below:

**PURCHASER:** Tyto Acquisition Corporation, a wholly owned subsidiary of Eli Lilly and Company

**SECURITY TO BE PURCHASED:** Prevail Therapeutics Inc. (PRVL) Common Shares

**QUANTITY:** All Prevail Therapeutics Inc. (PRVL) Common Shares

**PRICE:** See below

**EXPIRATION:** One minute past 11:59 P.M., Eastern Time, on January 21, 2021, unless extended

**DEPOSITARY:** Computershare Trust Company, N.A.

**GUARANTY PERIOD\*:** NONE

#### OFFER TERMS

Each PRVL Common Share may be tendered for \$22.50 cash plus one non-transferable contingent value right (CVR) for each share of Common stock of Prevail Therapeutics Inc. accepted in the offer. The CVR represents the contractual right to receive a contingent payment of \$4.00 in cash, without interest and less any applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase.

#### EXERCISE CONSIDERATIONS

**As indicated below, PRVL options will not be adjusted to reflect the expiration of the Offer and will not call for delivery of the contingent value rights (“CVR”).** Call holders who wish to ensure entitlement to the contingent value rights may exercise their options sufficiently in advance of the expiration of the Offer and tender the **PRVL** shares received into the Offer.

#### DELIVERY SETTLEMENT AND PROTECT PROVISIONS

Option contracts which are exercised will require the settlement of all component securities included in the contract deliverable at the time of the option contract exercise, including rights, warrants, or similar instruments. Additional entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise not associated with the underlying deliverable securities, may preclude call exercisers from realizing the benefit of such entitlements. (See also "Special Risks - Valuation Disparity".) Except in unusual cases, securities deliverable as a result of equity option exercise are settled through National Securities Clearing Corporation ("NSCC").

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise/assignment are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called "protect" or "liability notice" procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

## SPECIAL RISKS

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 2 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (2 business-day settlement) or call option exercise (2 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-2-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

## POSSIBLE CONTRACT ADJUSTMENT

The Offer is being made with intention to subsequently effect a merger wherein all remaining PRVL Common Shares will be converted into the right to receive \$22.50 net cash per share. Interpretation .03 to Article VI, Section 11A, of OCC's By-Laws indicates a contract adjustment for PRVL options would be contemplated when and if the aforementioned intended merger is actually consummated. It is not known how quickly after the expiration of the Offer the intended merger or contract adjustment would be effected. Until such merger is consummated, PRVL option exercise would continue to call for delivery of the underlying security.

**PRVL options will not be adjusted to require delivery of the contingent value rights.**

## DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

**ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.**

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com). Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email [memberservices@theocc.com](mailto:memberservices@theocc.com).