

## Letter to UK Holders of Restricted Share Awards

THIS LETTER REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000.

All words and expressions defined in the document sent by Nightstar to the Nightstar shareholders that includes the details of the Scheme (as defined below) (the "**Scheme Document**") have the same meanings when used in this document. Please read the terms and conditions of the Scheme, as set out in the Scheme Document, the terms of which are incorporated into and form part of this document.

In the event of a conflict between (1) this letter and (2) the Scheme Document or the rules of any relevant plan or award or vesting agreement or any relevant legislation, the Scheme Document, rules, award or vesting agreement or the legislation, as applicable, will prevail.

References to taxation in this letter are for guidance only and assume that you are and were resident in and domiciled within the United Kingdom only for all tax purposes at all relevant times. Nightstar is not providing you with any tax advice.

29 April 2019

To: UK Holders of restricted share awards in Nightstar plc (the "**Restricted Share Awards**")

Dear Restricted Share Award Holder:

### **Biogen's offer for Nightstar**

As announced on 4 March 2019, Tungsten Bidco Limited ("**Bidco**"), an indirect subsidiary of Biogen Inc. ("**Biogen**"), has made a recommended cash offer for all the shares in Nightstar Therapeutics Plc ("**Nightstar**") (the "**Transaction**").

We are writing to give you some information on the effect this will have on your Restricted Share Awards.

### **About the Transaction**

The Transaction will be implemented by a "scheme of arrangement" (the "**Scheme**"). Under the terms of the Scheme, Bidco will acquire the entire issued and to be issued share capital of Nightstar.

To become effective, the Scheme must be approved by the shareholders of Nightstar ("**Shareholder Approval**") and must be sanctioned by the High Court of Justice in England and Wales ("**Court Sanction**"). It is currently anticipated that the meetings for Shareholder Approval will take place in the week commencing 8 May 2019, with Court Sanction anticipated to take place on 6 June 2019.

The Court will only be asked to sanction the Scheme if the Scheme is approved by Nightstar shareholders and if a number of conditions (as set out in the Scheme Document) have been fulfilled. After which, assuming Shareholder Approval and Court Sanction are obtained, it is anticipated that the Transaction will be consummated. The date the Transaction is consummated is also known as the "**Effective Date.**"

Whilst the dates given are those currently anticipated by Nightstar and Bidco, they may change.

### **What are the terms of the Transaction?**

A copy of the Scheme Document sent to Nightstar shareholders containing full details of the Transaction can be found at <https://ir.nightstartx.com>. Under the terms of the Transaction, for each Nightstar share they hold, Nightstar shareholders will receive USD 25.50 in cash (the "**Consideration**").

### **How will the Transaction affect my Restricted Share Awards?**

In summary, if the Transaction completes:

- Any vesting restrictions applicable to your outstanding Restricted Share Awards will be removed immediately before the Effective Date; and
- On the Effective Date, those Nightstar shares will then be acquired by Biogen for the Consideration.

### **Will I have to pay income tax or capital gains tax in relation to the Consideration?**

The way the Consideration will be taxed will depend on whether you entered into a valid election under section 431 Income Tax (Earnings & Pensions) Act 2003 (a "**section 431 election**") in relation to your Restricted Share Awards.

*If you did not enter into a section 431 election*

If you did not enter into a section 431 election at the time you were awarded your Restricted Share Awards, then some or all of Consideration may be taxed as income from your employment.

To the extent that is the case, your Consideration will be paid less tax and national insurance contributions as soon as practicable after the Effective Date and Tax and national insurance contributions will be deducted and will be paid to HM Revenue & Customs on your behalf.

Note that, if you have left employment or engagement with Nightstar by the Effective Date in circumstances where your Restricted Share Awards are not forfeited, income tax may not be deducted at the right rate. You will have to account for or reclaim any balance yourself through self-assessment.

### *If you entered into a section 431 election*

If you entered into a section 431 election at the time you were awarded your Restricted Share Awards, then the Consideration is not expected to be taxable as employment income.

However, if that is the case, you may have to pay capital gains tax ("**CGT**") in relation to the sale of your Nightstar shares in the Transaction. In very broad terms, CGT would normally be payable on the difference between USD 25.50 and the base cost of your Nightstar shares.

You should not have to pay CGT if you do not exceed your annual exempt amount for the tax year (£12,000 for the 2019/20 tax year). In other words, you only pay CGT if the total of:

- the capital gains you make from selling your Nightstar shares in the Transaction; and
- any other gains you make in the relevant tax year which would be subject to CGT,

is more than your annual exempt amount for that tax year.

CGT is paid through self-assessment. It will not be deducted for you or paid on your behalf by Nightstar. If you must pay CGT, you will therefore have to complete a self-assessment tax return (in hard copy or online). If you do not usually fill in a self-assessment tax return, you must tell HM Revenue & Customs that you will need to do so at the latest within six months after the end of the tax year in which the relevant gain arises, i.e. by 5 October of the subsequent tax year. (The U.K. tax year is the 12 month period to 5 April each year.)

Nightstar does not purport to provide tax advice and you should seek advice from your tax advisor with respect to the treatment of your equity awards. The summary above is provided for informational purposes only and is based on the tax law in effect on the date of this letter (which could change, possibly with retroactive effect).

### **Do you have to take any action?**

No, you are not required to take any action. You will automatically become entitled to receive the Consideration on the terms set out in the Scheme (as summarised in this Letter) provided that, by the Effective Date, your Restricted Share Awards have not otherwise lapsed or been cancelled or forfeited in accordance with their terms.

### **What happens if the Transaction does not complete?**

If the Transaction does not complete for any reason, you will not receive any Consideration. In these circumstances your Restricted Share Awards will continue unaffected as before.

If you have any queries on how the Transaction affects you, you should contact Nightstar's human resources department at [hr@nightstartx.com](mailto:hr@nightstartx.com).

Yours sincerely

A handwritten signature in black ink, appearing to be 'BYOON', written in a cursive style.

Bryan Yoon, General Counsel  
on behalf of Nightstar Therapeutics Plc

A handwritten signature in black ink, appearing to be 'S. Lee', written in a cursive style.

on behalf of Tungsten Bidco Limited