

Capnia, Inc.  
Form 4  
May 19, 2015

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Anish Bhatnagar

(Last) (First) (Middle)

3 TWIN DOLPHIN DRIVE, SUITE 160

(Street)

REDWOOD CITY, CA 94065

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
Capnia, Inc. [CAPN]

3. Date of Earliest Transaction (Month/Day/Year)  
05/15/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

See Remarks

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Code V Amount (D) Price   |  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|

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| (Instr. 3)                  | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4, and<br>5) |   | Date Exercisable                            | Expiration<br>Date |
|-----------------------------|------------------------------------|------------------|------------|---|---|---|--------------------|
|                             |                                    |                  |            | Code  | V |   |                    |
| Employee<br>Stock<br>Option | \$ 4.66                            | 05/15/2015       | A          | 150,000   |   | 05/15/2015 <sup>(1)(2)(3)(4)(5)(6)(7)</sup> | 05/15/2025         |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |             |       |
|--|---------------|-----------|-------------|-------|
|  | Director      | 10% Owner | Officer     | Other |
| Anish Bhatnagar<br>3 TWIN DOLPHIN DRIVE, SUITE 160<br>REDWOOD CITY, CA 94065 | X             |           | See Remarks |       |

## Signatures

/s/ David D. O'Toole, As  
Attorney-in-Fact

05/19/2015

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Beginning on May 15, 2015, One fourth (1/4) of the shares subject to the Option shall vest immediately as of the Vesting Commencement Date, and an additional one forty-eighth (1/48) of the remaining number of shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month),

(1) such that all of the shares subject to the Option will have vested as of the fourth anniversary of the Vesting Commencement Date, subject to Participant continuing to be a Service Provider (as defined in the Plan) through each such date; provided, however, that if a termination without "Cause" or resignation for "Good Reason" by Participant occurs before six (6) months prior to a Change in Control of the Company,

(Continued from Footnote 1) then twenty-five percent (25%) of any unvested equity awards held by Participant as of the date of such termination without cause or resignation for good reason shall immediately vest and become fully exercisable; provided, further, that if termination without "Cause" or resignation for "Good Reason" by Participant occurs within six (6) months prior to, or twelve (12) months following, a Change in Control of the Company, then one hundred percent (100%) of any unvested equity awards held by Participant as of the date of such termination without "Cause" or resignation for "Good Reason" shall immediately vest and become fully exercisable; provided, further that following termination without "Cause" or resignation for "Good Reason" by Participant at any time, then Participant shall have one year to exercise any vested options.

(Continued from Footnote 2) "Cause" means: (i) Participant's act of personal dishonesty in connection with his responsibilities as an employee that is intended to result in Participant's substantial personal enrichment; (ii) Participant being convicted of, or pleading no contest or guilty to, (x) a misdemeanor that the Company reasonably believes has had or will have a material detrimental effect on the Company, or (y) any felony; (iii) Participant's gross misconduct; (iv) Participant's willful and continued failure to perform the duties and responsibilities of Participant's position after there has been delivered to Participant a written demand for performance from the Company that describes the basis for the Company's belief that Participant has not substantially performed Participant's duties and Participant has not corrected such failure within thirty (30) days of such written demand;

(4) (Continued from Footnote 3) or (v) Participant's material violation of any written Company employment policy or standard of conduct, including a material breach of the Participant's confidential information agreement.

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(Continued from Footnote 4) "Good Reason" means Participant's resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Participant's consent: (i) a material reduction in Participant's Base Salary, excluding the substitution of substantially equivalent compensation and benefits, that is not generally applicable to all Company senior management or employees of the Company generally; (ii) a material reduction of Participant's authority, duties or responsibilities, unless Participant is provided with a comparable position; provided, however, that a reduction in authority, duties, or responsibilities solely by virtue of the Company being acquired and made part of a larger entity whether as a subsidiary,

- (5)
- (Continued from Footnote 5) business unit or otherwise (as, for example, when the Chief Executive Officer of the Company remains as such following an acquisition where the Company becomes a wholly owned subsidiary of the acquirer, but is not made the Chief Executive Officer of the acquiring corporation) will not constitute "Good Reason"; or (iii) a material change in the geographic location of Participant's primary work facility or location; provided, that a relocation of fifty (50) miles or less from Participant's then present location or to Participant's home as Participant's primary work location will not be considered a material change in geographic location.
- (6)

- (Continued from Footnote 6) In order for an event to qualify as Good Reason, Participant must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice, and such grounds must not have been cured during such time..
- (7)

### Remarks:

President and Chief Executive Officer

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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