



GI Dynamics, Inc. – ASX Announcement

## **Appendix 3B**

### **Grant of Employee Stock Options**

**Lexington, Massachusetts, United States and Sydney, Australia – 11 February 2015** – GI Dynamics, Inc. (**ASX: GID**) (“**GI Dynamics**” or the “**Company**”), a medical device company developing innovative treatments for type 2 diabetes and obesity, announced today that its Board of Directors has granted 20,000 incentive stock options to purchase 20,000 shares of the Company’s common stock (equivalent to 100,000 CDIs) to new employees of the Company. The options will have an exercise price of US\$0.96 per share of common stock, which equates to the market price of the Company’s CDIs on the date of grant. These options have a ten-year term and vest over four years, subject to certain conditions, including remaining an employee of the Company. The options were issued under the Company’s 2011 Employee, Director, and Consultant Equity Incentive Plan as incentive for performance.

Furthermore, 94,387 options for the purchase of a total of 94,387 shares of common stock that had been issued to Company employees under the 2011 Employee, Director, and Consultant Equity Incentive Plan were forfeited in January 2015.

Following these activities, there remain outstanding options to purchase a total of 11,918,320 shares of common stock (equivalent to 59,591,600 CDIs), including 2,936,313 shares of common stock (equivalent to 14,681,565 CDIs) under the Company’s 2003 Omnibus Stock Plan and 8,982,007 shares of common stock (equivalent to 44,910,035 CDIs) under the Company’s 2011 Employee, Director, and Consultant Equity Incentive Plan. In addition, there remain outstanding restricted stock units for the issuance of 2,057,440 shares of common stock (equivalent to 10,287,200 CDIs) under the Company’s 2011 Employee, Director, and Consultant Equity Incentive Plan and warrants to purchase 500,000 shares of common stock (equivalent to 2,500,000 CDIs).

Details of the grant of options are provided in the attached Appendix 3B.

**Robert Solomon**  
**Vice President, Finance & Assistant Company Secretary**

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GI Dynamics, Inc., is a corporation incorporated in Delaware, USA, whose stockholders have limited liability. ARBN 151 239 388

## About GI Dynamics

GI Dynamics, Inc. (ASX: GID) is the developer and marketer of EndoBarrier®, a breakthrough device that represents an entirely new class of non-surgical, non-pharmaceutical therapy for the treatment of type 2 diabetes and/or obesity. EndoBarrier is approved and commercially available in multiple countries outside the U.S. EndoBarrier is not approved for sale in the U.S. and is limited by federal law to investigational use only in the United States. GI Dynamics is conducting a pivotal clinical trial of EndoBarrier in the U.S. for the treatment of patients who have uncontrolled type 2 diabetes and are obese. Founded in 2003, GI Dynamics is headquartered in Lexington, Massachusetts. For more information, please visit [www.gidynamics.com](http://www.gidynamics.com).

## Forward-Looking Statements

This announcement contains forward-looking statements concerning: our development and commercialization plans; our potential revenues and revenue growth, costs, excess inventory, profitability and financial performance; our ability to obtain reimbursement for our products; our clinical trials, and associated regulatory submissions and approvals; the number and location of commercial centres offering the EndoBarrier®; and our intellectual property position. These forward-looking statements are based on the current estimates and expectations of future events by the management of GI Dynamics, Inc. as of the date of this announcement and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those indicated in or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks associated with the possibility that clinical trials will not be successful or confirm earlier results; risks associated with obtaining funding from third parties; risks relating to the timing and costs of clinical trials, the timing of regulatory submissions, the timing, receipt and maintenance of regulatory approvals, the timing and amount of other expenses, and the timing and extent of third-party reimbursement risks associated with commercial product sales, including product performance; competition; risks related to market acceptance of products; intellectual property risks; risks related to excess inventory; and assumptions regarding the size of the available market, benefits of our products, product pricing, timing of product launches, future financial results and other factors including those described in our filings with the U.S. Securities and Exchange Commission. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

GI Dynamics, Inc.

ARBN

151 239 388

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Options to purchase shares of common stock (unquoted)  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 20,000 options to purchase shares of common stock  |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 20,000 options are issued to new employees for no monetary consideration and, upon vesting, entitle the holder to purchase one share of common stock for a price of US\$0.96. Each option is issued in accordance with the Company's 2011 Employee, Director and Consultant Equity Incentive Plan and has a 10-year term. Each option vests over four years with 25% of the award vesting on the first annual anniversary of the vesting start date, which is the date that person first began |

+ See chapter 19 for defined terms.

their employment with the Company, and 2.08% of the award vesting on each monthly anniversary thereafter.
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4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Not applicable (options are not quoted on ASX)</p>
5	Issue price or consideration	<p>No monetary consideration is payable for the issue of the options to purchase shares of common stock</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>Grant of 20,000 options to purchase shares of common stock as an incentive and inducement for new employees</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>Not applicable</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>Not applicable</p>

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**Appendix 3B**  
**New issue announcement**

6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	26 January 2015

+ See chapter 19 for defined terms.

8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>Actual number of CDIs quoted is 470,431,120 at 10 February 2015  474,233,665 CDIs would be quoted if all shares of common stock were held as CDIs</td><td>CDIs</td></tr></table>	Number	<sup>+</sup> Class	Actual number of CDIs quoted is 470,431,120 at 10 February 2015  474,233,665 CDIs would be quoted if all shares of common stock were held as CDIs	CDIs								
Number	<sup>+</sup> Class													
Actual number of CDIs quoted is 470,431,120 at 10 February 2015  474,233,665 CDIs would be quoted if all shares of common stock were held as CDIs	CDIs													
9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>760,509 shares of common stock (or 3,802,545 CDIs)</td><td>Shares of common stock issued as of 10 February 2015</td></tr><tr><td>2,936,313 options (over 2,936,313 shares of common stock or 14,681,565 CDIs)</td><td>Options issued under the 2003 Omnibus Stock Plan</td></tr><tr><td>8,982,007 options (over 8,982,007 shares of common stock or 44,910,035 CDIs)</td><td>Options issued under the 2011 Employee, Director and Consultant Equity Incentive Plan</td></tr><tr><td>2,057,440 restricted stock units (over 2,057,440 shares of common stock or 10,287,200 CDIs)</td><td>Restricted stock units issued under the 2011 Employee, Director and Consultant Equity Incentive Plan</td></tr><tr><td>Eight warrants (over 500,000 shares of common stock or 2,500,000 CDIs)</td><td>Warrants to purchase shares of common stock issued 1 September 2011</td></tr></table>	Number	<sup>+</sup> Class	760,509 shares of common stock (or 3,802,545 CDIs)	Shares of common stock issued as of 10 February 2015	2,936,313 options (over 2,936,313 shares of common stock or 14,681,565 CDIs)	Options issued under the 2003 Omnibus Stock Plan	8,982,007 options (over 8,982,007 shares of common stock or 44,910,035 CDIs)	Options issued under the 2011 Employee, Director and Consultant Equity Incentive Plan	2,057,440 restricted stock units (over 2,057,440 shares of common stock or 10,287,200 CDIs)	Restricted stock units issued under the 2011 Employee, Director and Consultant Equity Incentive Plan	Eight warrants (over 500,000 shares of common stock or 2,500,000 CDIs)	Warrants to purchase shares of common stock issued 1 September 2011
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Eight warrants (over 500,000 shares of common stock or 2,500,000 CDIs)	Warrants to purchase shares of common stock issued 1 September 2011													
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable												

<sup>+</sup> See chapter 19 for defined terms.

## Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable

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23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Issue date	Not applicable

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+ See chapter 19 for defined terms.

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☐ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	Not applicable				
39	+Class of +securities for which quotation is sought	Not applicable				
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Not applicable				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Not applicable				
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="padding: 5px; text-align: center;">Not applicable</td> <td style="padding: 5px;"></td> </tr> </table>	Number	+Class	Not applicable	
Number	+Class					
Not applicable						

+ See chapter 19 for defined terms.

### Quotation agreement

- 1      +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2      We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3      We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4      We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:      Robert Solomon      Date: 11 February 2015  
(Director/Assistant company secretary)

Print name:      Robert Solomon

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## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	
<b>“A”</b>	

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<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15
<b>Multiply</b> “A” by 0.15	
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
“C”	
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><b>Note:</b> number must be same as shown in Step 2</p>	
<p><b>Subtract</b> “C”</p> <p><b>Note:</b> number must be same as shown in Step 3</p>	
<b>Total</b> [“A” x 0.15] – “C”	

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## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of <sup>+</sup> equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li><i>This applies to equity securities – not just ordinary securities</i></li> <li><i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li><i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li><i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	

<sup>+</sup> See chapter 19 for defined terms.

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<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.10] – “E”	

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