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As filed with the Securities and Exchange Commission on May 19, 2014.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Ardelyx, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	2834	26-1303944
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

34175 Ardenwood Blvd.
Fremont, CA 94555
(510) 745-1700
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Michael Raab
President and Chief Executive Officer
Ardelyx, Inc.
34175 Ardenwood Blvd.
Fremont, CA 94555
(510) 745-1700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Alan C. Mendelson, Esq. Mark V. Roeder, Esq. Brian J. Cuneo, Esq. Latham & Watkins LLP 140 Scott Drive Menlo Park, CA 94025 Telephone: (650) 328-4600 Facsimile: (650) 463-2600	Elizabeth Grammer, Esq. Vice President, General Counsel Ardelyx, Inc. 34175 Ardenwood Blvd. Fremont, CA 94555 Telephone: (510) 745-1700 Facsimile: (510) 745-0493	David J. Saul, Esq. Paul Kinsella, Esq. Ropes & Gray LLP 1900 University Ave., Suite 600 East Palo Alto, CA 94303 Telephone: (650) 617-4000 Facsimile: (650) 617-4090

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price[(1)]	Amount of registration fee
Common Stock, $0.0001 par value per share	$69,000,000	$8,887.20

(1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. Includes shares that the underwriters have the option to purchase to cover overallotments, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated May 19, 2014

Shares

Common Stock

This is the initial public offering of shares of common stock of Ardelyx, Inc.

We are offering shares of our common stock. Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on The NASDAQ Global Market under the symbol "ARDX." We expect that the initial public offering price will be between $ and $ per share.

We are an emerging growth company under the federal securities laws and will be subject to reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 10.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) See "Underwriting" for additional disclosure regarding underwriting discounts, commissions and estimated offering expenses.

We have granted the underwriters the right to purchase up to additional shares of common stock to cover over-allotments, if any. The underwriters can exercise this right at any time within 30 days after the date of this prospectus.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2014.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Citigroup **Leerink Partners**

JMP Securities **Wedbush PacGrow Life Sciences**

, 2014

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Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.

Until , 2014 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Ardelyx® and our logo are some of our trademarks used in this prospectus. This prospectus also includes trademarks, tradenames, and service marks that are the property of other organizations. Solely for convenience, these trademarks and tradenames referred to in this prospectus appear without the ® and ™ symbol, but, in the case of our trademarks and tradenames, those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to these trademarks and tradenames.

Prospectus Summary

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before deciding to invest in our common stock, you should read this entire prospectus carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes contained elsewhere in this prospectus. Unless the context otherwise requires, references in this prospectus to the "company," "Ardelyx," "we," "us" and "our" refer to Ardelyx, Inc.

We are a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the gastrointestinal, or GI, tract to treat cardio-renal, GI and metabolic diseases. We have developed a proprietary drug discovery and design platform enabling us, in a rapid and cost-efficient manner, to discover and design novel drug candidates. Utilizing our platform, we discovered and designed our lead product candidate, tenapanor, which in preclinical and clinical studies has consistently demonstrated the ability to reduce the absorption of dietary sodium and phosphorus, both of which are key factors in the progression of kidney disease. In 2012, we entered into a collaboration partnership with AstraZeneca AB, or AstraZeneca, for the worldwide development and commercialization of tenapanor. AstraZeneca is responsible for all of the development and commercialization costs for tenapanor, and we have retained an option to co-promote in the United States. Together with AstraZeneca, we are evaluating tenapanor in three Phase 2 clinical trials in patients with end stage renal disease, or ESRD, late-stage chronic kidney disease, or CKD, and constipation-predominant irritable bowel syndrome, or IBS-C. To enhance our proprietary drug discovery and design platform, we have developed a cell-culture system to simulate gut tissues called Ardelyx Primary Enterocyte and Colonocyte Culture System, or APECCS. We have also identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets. In addition to tenapanor, we are evaluating small molecule NaP2b inhibitors for the treatment of elevated phosphorus, or hyperphosphatemia, in ESRD, a program we have licensed to Sanofi S.A., or Sanofi. We are also independently advancing three other discovery and lead development programs focused in cardio-renal, GI and metabolic diseases.

Our Product Pipeline

The following table summarizes key information about our product candidates:

Program	Indication	Research	Phase 1	Phase 2		Status	Development and Commercial Rights
				2a	2b		
Tenapanor *(NHE3 inhibitor)*	ESRD-PI					Results expected in 1H:2015	AstraZeneca • $870mm total potential deal size including $35mm up front and $237.5mm development milestones; tiered royalties • AZ funds and is responsible for all R&D • Ardelyx has right to co-promote in the United States
	IBS-C					Results expected in 4Q:2014	
	CKD					Results expected in 2H:2015	
RDX002 *(NaP2b inhibitor)*	ESRD-PI					Research	SANOFI • $198mm total potential deal size; tiered royalties • Sanofi funds and is responsible for all R&D • Ardelyx has right to co-promote in the United States
RDX009 *(TGR5 agonist)*	IBD					Research	ARDELYX
RDX013 *(K^+ channel modulator)*	Hyper-kalemia					Research	ARDELYX
RDX020 *(Cl^- channel modulator)*	Fluid Overload					Research	ARDELYX

Our lead product candidate, tenapanor, is a small molecule, orally administered inhibitor of NHE3, a transporter of sodium in the GI tract. We and AstraZeneca have evaluated tenapanor in eight human clinical trials in over 765 individuals. In Phase 1 and Phase 2 clinical trials, tenapanor has generally been well-tolerated and has shown the ability to divert dietary sodium into the stool in both healthy adult subjects and patients with ESRD. In Phase 1 clinical trials in healthy adults, we observed that tenapanor has a significant effect on the diversion of dietary phosphorus into the stool. Additionally, tenapanor has demonstrated activity consistent with an IBS-C drug by increasing the frequency of bowel movements in IBS-C patients in a Phase 2a clinical trial. We and AstraZeneca are continuing development in ongoing Phase 2a and Phase 2b clinical trials in three different indications:

- ESRD patients on hemodialysis to treat hyperphosphatemia: Phase 2b randomized, double-blind, placebo-controlled clinical trial in 150 patients to evaluate the effects of tenapanor on serum phosphorus. Enrollment is ongoing and the results of this clinical trial are expected in the first half of 2015.
- Stage 3 CKD patients with type 2 diabetes mellitus, the presence of the protein albumin in the urine, or albuminuria, and high blood pressure: Phase 2a randomized, double-blind, placebo-controlled clinical trial in 140 patients to evaluate the effects of tenapanor on kidney function and fluid overload. Enrollment is ongoing and the results of this clinical trial are expected in the second half of 2015.
- IBS-C patients: Phase 2b randomized, double-blind, placebo-controlled clinical trial in 371 patients to evaluate the effect of tenapanor on the frequency of bowel movements versus placebo. Enrollment is completed and the results of this clinical trial are expected in the fourth quarter of 2014.

We believe the market opportunity for tenapanor for these three potential patient populations is significant. We estimate, based on phosphate binder utilization, the only approved therapies for hyperphosphatemia, that there are about 270,000 ESRD patients with hyperphosphatemia in the United States. The worldwide market for phosphate binders in 2011 was reported to be approximately $1.5 billion and is projected to reach $2.3 billion by 2015. We believe there are approximately 1.8 million patients in the United States that have late-stage, or stage 3b or stage 4, CKD with type 2 diabetes, and approximately 4.4 million individuals in the United States with IBS-C.

In addition to tenapanor, we have discovered novel NaP2b inhibitors for the treatment of hyperphosphatemia in ESRD patients by inhibiting the active absorption of phosphorus. In February 2014, we entered into an option and license agreement with Sanofi under which we granted Sanofi an exclusive worldwide license to conduct research utilizing our small molecule NaP2b inhibitors. In addition, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors. Sanofi is advancing this program towards first-in-human clinical trials. Under our arrangement, Sanofi is responsible for all of the costs and expenses for research and preclinical activities and, should it exercise its option, for the development and commercialization efforts under the NaP2b program, while we retain an option to co-promote licensed products in the United States.

Utilizing our proprietary drug discovery and design platform, we are pursuing other internal discovery and lead-development programs that are currently in the research phase:

- RDX009 Program: Our focus is the discovery and development of non-systemic TGR5 agonists that stimulate GLP-2 and GLP-1 and have the potential when used in combination with a DPP4 inhibitor to heal the intestines and reduce inflammation in inflammatory bowel disease;
- RDX013 Program: Our focus is the discovery and development of drug candidates to treat hyperkalemia, or elevated serum potassium, also commonly seen in CKD and ESRD patients; and
- RDX020 Program: Our focus is the discovery and development of drug candidates that provide alternate ways to manage fluid overload and kidney function by inhibiting chloride transport in CKD patients, particularly those who also experience acid-base disorders due to their disease.

Our Proprietary Drug Discovery and Design Platform

Our platform, comprised of proprietary know-how and drug discovery and design tools such as APECCS, provides us with a competitive advantage in drug development. This platform enables us, in a rapid and cost-efficient manner, to discover and design novel drug candidates that work exclusively in the GI tract to treat cardio-renal, GI and metabolic diseases. By targeting receptors and transporters localized in the GI tract, we can modulate important functions of the gut, such as absorption of specific nutrients and minerals, or the gut's various hormonal functions, to treat and prevent diseases while avoiding systemic toxicities.

Traditional small molecule drug discovery and design focuses on drugs that are rapidly absorbed in the GI tract. Once absorbed, those molecules typically need to survive the first-pass metabolism that occurs in the liver in order to arrive at the targeted cells or tissues and provide the desired benefit or effect. Compared to the traditional approach employed by the pharmaceutical industry to develop systemic drugs, we believe our proprietary drug discovery and design platform has several key benefits:

- exploits the natural functions of the gut to affect disease;
- results in drug candidates with a superior safety profile that remain non-systemic;
- reduces discovery time; and
- promotes efficient phenotypic screens.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the GI tract to treat cardio-renal, GI and metabolic diseases. Our strategy involves the following:

- to advance tenapanor into late-stage and pivotal clinical trials in collaboration with AstraZeneca;
- to use non-dilutive financing from our existing collaboration partnerships and the proceeds of this offering to expand our product pipeline and advance our earlier-stage product candidates into clinical trials;
- to leverage our technological capabilities and drug discovery and design platform to expand our product pipeline;
- to develop commercial capabilities; and
- to leverage our management team's drug development and commercialization expertise to identify and secure complementary in-licensing opportunities.

Our Management Team

Our executive management team has extensive experience in the discovery, development and commercialization of products in the renal field. As the Senior Vice President and General Manager of Renagel at Genzyme Corporation, or Genzyme, a Sanofi company, our President and Chief Executive Officer, Michael Raab, launched and oversaw the sales growth of sevelamer, the leading phosphate binder for the treatment of hyperphosphatemia with over $1.0 billion in worldwide sales in 2013. Mr. Raab was also instrumental in the worldwide launch of both Ceredase and Cerezyme, Genzyme's $1.0 billion therapies for Gaucher disease. Other members of our executive team have discovered or developed important products and product candidates in the cardio-renal, GI and metabolic fields, including Renagel, patiromer and Welchol, in key roles in leading biopharmaceutical companies such as Ilypsa, Inc., MedImmune, LLC, a subsidiary of AstraZeneca Plc, GelTex Pharmaceuticals, Inc., Genzyme and PDL BioPharma, Inc.

Risk Associated With Our Business

Our business is subject to numerous risks, as more fully described in the section entitled "Risk Factors" immediately following this prospectus summary. These risks include, among others:

- we have a limited operating history, have incurred significant losses and we will incur losses in the future;
- we have never generated any revenue from product sales and may never be profitable;
- we may require substantial additional financing;
- we are substantially dependent on the success of our lead product candidate, tenapanor, which is a first-in-class drug that has not been extensively studied in humans and, as a first-in-class drug, there is a higher likelihood that approval may not be attained as compared to a class of drugs with approved products;
- we are dependent on AstraZeneca for the development, regulatory approval, manufacture and commercialization of tenapanor;
- clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter substantial delays in our clinical studies;
- our product candidates may never achieve market acceptance or commercial success;
- the regulatory approval processes is lengthy, time consuming and inherently unpredictable; and
- our intellectual property may not be adequate to enable us to compete effectively in our market, and we may become subject to claims alleging infringement of third parties' intellectual property rights.

Corporate Information

We were founded in October 2007 as a Delaware corporation under the name Nteryx, Inc. Our principal executive offices are located at 34175 Ardenwood Blvd., Fremont, CA 94555, and our telephone number is (510) 745-1700. Our website address is www.ardelyx.com. The information on, or that can be accessed through, our website is not part of this prospectus. We have included our website address as an inactive textual reference only.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of the completion of this offering (December 31, 2019), (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion, (3) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We refer to the Jumpstart Our Business Startup Act of 2012 herein as the "JOBS Act," and references herein to "emerging growth company" shall have the meaning associated with it in the JOBS Act.

The Offering

Issuer	Ardelyx, Inc.
Common stock we are offering	shares
Common stock to be outstanding after the offering	shares
Option to purchase additional shares to cover over-allotments, if any	shares
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional shares in full, at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We currently expect to use the net proceeds from this offering to fund continued discovery and development efforts for our preclinical product candidates, the exercise of our right to co-fund the first Phase 3 clinical development program for tenapanor, if we decide to exercise such right, expenses related to the development of APECCS, and the remainder for working capital and other corporate purposes, which will include facilities expansion and the pursuit of other research and discovery efforts and could also include the acquisition or in-license of other products, product candidates or technologies. See "Use of Proceeds" on page 53 for a more complete description of the intended use of proceeds from this offering.
Risk factors	See "Risk Factors" beginning on page 10 and other information included in this prospectus for a discussion of factors that you should consider carefully before deciding to invest in our common stock.
Proposed symbol on The NASDAQ Global Market	"ARDX"

The number of shares of common stock to be outstanding after this offering is based on shares of common stock outstanding as of March 31, 2014, and excludes the following:

- 7,924,604 shares of common stock issuable upon the exercise of outstanding stock options under our 2008 Stock Incentive Plan, as amended, as of March 31, 2014 having a weighted-average exercise price of $0.14 per share (which excludes 2,154,804 shares of early exercised stock options subject to a repurchase right);
- 238 shares of common stock reserved for issuance pursuant to future awards under our 2008 Stock Incentive Plan, as amended, as of March 31, 2014, which will become available for issuance under our 2014 Equity Incentive Award Plan after consummation of this offering;
- shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and

- shares of common stock reserved for future issuance under our Employee Stock Purchase Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan.

Unless otherwise indicated, the number of shares of our common stock described above gives effect to:

- a -for- reverse stock split of our capital stock to be effected prior to the effectiveness of the registration statement of which this prospectus is a part;
- the conversion of all outstanding shares of our convertible preferred stock pursuant to a stockholder vote under our amended and restated certificate of incorporation into an aggregate of 103,655,115 shares of common stock immediately prior to the consummation of this offering;
- the net exercise, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, of all of our Series B warrants into shares of our common stock at an exercise price of $0.01 per share;
- the filing and effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the consummation of this offering; and
- assumes no exercise of the underwriters' option to purchase additional shares to cover over-allotments.

We refer to our Series A and Series B convertible preferred stock collectively as "convertible preferred stock" in this prospectus, as well as for financial reporting purposes and in the financial tables included in this prospectus, as more fully explained in Note 7 to our audited financial statements. In this prospectus (other than for financial reporting purposes and in the financial tables included in this prospectus), we refer to our outstanding warrants to purchase shares of our Series B convertible preferred stock as our Series B warrants.

Summary Financial Data

The following tables present summary financial data for our business. We have derived the following statements of operations data for the years ended December 31, 2012 and 2013 from our audited financial statements included elsewhere in this prospectus. We have derived the statements of operations data for the three months ended March 31, 2013 and 2014 and the balance sheet data as of March 31, 2014 from our unaudited financial statements included elsewhere in this prospectus. We have prepared the unaudited financial statements on the same basis as the audited financial statements and have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period. You should read this data together with our financial statements and related notes appearing elsewhere in this prospectus and the information under the captions "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands, except per share data)			
			(unaudited)	
Statements of Operations Data:				
Revenue:				
Licensing revenue	$ 3,182	$ 8,063	$ 1,989	$ 3,236
Collaborative development revenue	2,228	20,865	4,567	5,314
Total revenue	5,410	28,928	6,556	8,550
Operating expenses:				
Research and development[1]	10,184	28,093	5,939	7,637
General and administrative[1]	4,031	3,700	1,027	1,377
Total operating expenses	14,215	31,793	6,966	9,014
Loss from operations	(8,805)	(2,865)	(410)	(464)
Other expense, net	(30)	(52)	(25)	(4)
Change in fair value of preferred stock warrant liability	(950)	(3,506)	—	(2,603)
Loss before provision for income taxes	(9,785)	(6,423)	(435)	(3,071)
Provision for income taxes	—	(141)	(35)	—
Net loss	$ (9,785)	$ (6,564)	$ (470)	$ (3,071)
Net loss per common share, basic and diluted[2]	$ (1.26)	$ (0.65)	$ (0.05)	$ (0.27)
Shares used to compute net loss per common share, basic and diluted[2]	7,776,345	10,152,207	9,384,732	11,306,379
Pro forma net loss per common share, basic and diluted (unaudited)[2]		$		$
Shares used to compute pro forma net loss per common share, basic and diluted (unaudited)[2]				

(1) Included in the statement of operations data above are the following stock-based compensation expenses (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
			(unaudited)	
Research and development	$ 221	$ 200	$48	$ 37
General and administrative	252	152	59	27
Total stock-based compensation	$ 473	$ 352	$107	$ 64

(2) See Notes 2 and 12 to our audited financial statements and Note 5 to our unaudited financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per common share, pro forma net loss per common share, and the weighted-average number of shares used in the computation of the per share amounts.

The table below presents our balance sheet data as of March 31, 2014:

- on an actual basis;
- on a pro forma basis to give effect to:
  - the conversion of all outstanding shares of our convertible preferred stock pursuant to a stockholder vote under our amended and restated certificate of incorporation into an aggregate of 103,655,115 shares of common stock immediately prior to the consummation of this offering;
  - the net exercise, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, of all of our Series B warrants into shares of our common stock at an exercise price of $0.01 per share, and the related reclassification of our convertible preferred stock warrant liability to additional paid-in capital; and
  - the filing and effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the consummation of this offering; and
- on a pro forma as adjusted basis to give further effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	As of March 31, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
		(unaudited) (in thousands)	
Balance Sheet Data:			
Cash and cash equivalents	$ 33,221	$ 33,221	$
Working capital	20,347	20,347	
Total assets	40,548	40,548	
Preferred stock warrant liability	9,059	—	
Convertible preferred stock	56,155	—	
Accumulated deficit	(71,724)	(71,724)	
Total stockholders' (deficit) equity	(66,458)	(1,244)	

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, respectively, the amount of cash and cash equivalents, working capital, total assets and total stockholders' equity by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, working capital, total assets and stockholders' equity by approximately $ million, assuming the assumed initial public offering price per share, as set forth on the cover page of this prospectus, remains the same. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Limited Operating History, Financial Condition and Capital Requirements

We have a limited operating history, have incurred significant losses since our inception and we will incur losses in the future. We have only one product candidate in clinical trials and no product sales, which, together with our limited operating history, makes it difficult to assess our future viability.

We are a clinical-stage biopharmaceutical company with a limited operating history. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. To date, we have focused substantially all of our efforts on our research and development activities, including developing our lead product candidate, tenapanor, and developing our proprietary drug discovery and design platform. To date, we have not commercialized any products or generated any revenue from the sale of products. We are not profitable and have incurred losses in each year since our inception in October 2007, and we do not know whether or when we will become profitable. We have only a limited operating history upon which you can evaluate our business and prospects. We continue to incur significant research and development and other expenses related to our ongoing operations. Our net loss for the years ended December 31, 2012 and 2013 was $9.8 million and $6.6 million, respectively, and $3.1 million for the three months ended March 31, 2014. As of March 31, 2014, we had an accumulated deficit of $71.7 million.

If we do not receive anticipated milestone payments from our collaboration partners, AstraZeneca AB, or AstraZeneca and Sanofi S.A., or Sanofi, our operating losses will substantially increase for the foreseeable future as we continue our discovery, research, development, manufacturing and commercialization activities. We cannot assure you that we will receive any potential milestones under our agreements with AstraZeneca and/or Sanofi. For a discussion of the risks associated with our preclinical and clinical development programs with, and potential for milestone payments from, AstraZeneca and Sanofi, see below under "—Risks Related to Our Business."

Even if we receive the anticipated milestone payments or receive royalty payments from our collaboration partners, we may not be able to achieve or sustain profitability. For example, we may choose to exercise our right to co-fund a portion of the first Phase 3 clinical development program for tenapanor, incurring expenses of up to $40.0 million, and we would likely incur continued operating losses during the period we are co-funding the program. In addition, our receipt of milestone payments from our collaboration partners may not result in the recognition of revenue in the period received, as we may be required to amortize the milestone payment over a period of time. Depending upon such requirement and the period of amortization, we may continue to incur losses even after the receipt of such milestone payments. Therefore, there can be no assurance that our losses will not increase into the future. Our prior losses, combined with possible future losses, have had and will continue to have an adverse effect on our stockholders' equity and working capital. Further, the net losses we incur may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

We have never generated any revenue from product sales and may never be profitable.

We have no products approved for sale and have never generated any revenue from product sales. Our ability to generate revenue from product sales and achieve profitability depends on our ability, and the ability of

our collaboration partners, to successfully complete the development of and obtain the regulatory and marketing approvals necessary to commercialize one or more of our product candidates. We do not anticipate generating revenue from product sales for the foreseeable future. Our ability to generate future revenue from product sales or pursuant to milestone payments depends heavily on many factors, including but not limited to:

- the completion of research and preclinical and clinical development of our product candidates;
- together with our collaboration partners, obtaining regulatory approvals for our product candidates;
- the ability of our collaboration partners to successfully commercialize and/or our ability to commercialize or co-promote, if we so choose, our product candidates;
- developing a sustainable and scalable manufacturing process for any approved product candidates and establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products to support clinical development and the market demand for our product candidates, if approved;
- obtaining market acceptance of our product candidates, if approved, as viable treatment options;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring, in-licensing and/or developing new product candidates;
- negotiating favorable terms in any collaboration partnership, licensing or other arrangements into which we may enter;
- maintaining, protecting, and expanding our portfolio of intellectual property rights, including patents, trade secrets, and know-how, and our ability to develop, manufacture and commercialize our product candidates and products without infringing intellectual property rights of others; and
- attracting, hiring, and retaining qualified personnel.

In cases where we, or our collaboration partners, are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue will be dependent, in part, upon the size of the markets in the territories for which regulatory approval is granted, the accepted price for the product, the ability to get reimbursement at any price and whether we have royalty and/or co-promotion rights for that territory. If the number of patients suitable for our product candidates is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from the sale of such products, even if approved. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to generate revenue from product sales would likely depress our market value and could impair our ability to raise capital, expand our business, discover or develop other product candidates or continue our operations. A decline in the value of our common stock could cause you to lose all or part of your investment.

We may require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development or other operations.

Since our inception, most of our resources have been dedicated to our research and development activities, including developing our lead product candidate, tenapanor, and developing our proprietary drug discovery and design platform. As of March 31, 2014, we had working capital of $20.3 million, including capital resources consisting of cash and cash equivalents of $33.2 million. We believe that we will continue to expend substantial resources for the foreseeable future, including costs associated with research and development, conducting preclinical studies and clinical trials, obtaining regulatory approvals and sales and marketing. Because the outcome of any clinical trial and/or regulatory approval process is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development, regulatory approval process and commercialization or co-promotion of any of our product candidates.

Based on our current operating plan, we believe that our existing capital resources will allow us to fund our operating plan through at least the next 12 months. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including, but not limited to:

- our decision whether or not to exercise our right to co-fund the first Phase 3 clinical development program for tenapanor, in which case we may invest $20.0 million, $30.0 million or $40.0 million to acquire an increase of 1%, 2% or 3%, respectively, in the royalties payable to us by AstraZeneca on net sales of tenapanor;
- the achievement of development and regulatory milestones resulting in the payment to us from our collaboration partners of contractual milestone payments and the timing of receipt of such payments, if any;
- the progress, timing, scope, results and costs of our preclinical studies and clinical trials for our product candidates that have not been licensed, including the ability to enroll patients in a timely manner for clinical trials;
- the time and cost necessary to obtain regulatory approvals for our product candidates that have not been licensed and the costs of post-marketing studies that could be required by regulatory authorities;
- our ability and the ability of our collaboration partners to successfully commercialize and/or co-promote our product candidates;
- the manufacturing, selling and marketing costs associated with product candidates, including the cost and timing of building our sales and marketing capabilities;
- our ability to establish and maintain collaboration partnerships, in-license/out-license or other similar arrangements and the financial terms of such agreements;
- the timing, receipt, and amount of sales of, or royalties on, our future products, if any;
- the sales price and the availability of adequate third-party reimbursement for our product candidates;
- the cash requirements of any future acquisitions or discovery of product candidates;
- the number and scope of preclinical and discovery programs that we decide to pursue or initiate;
- the time and cost necessary to respond to technological and market developments; and
- the costs of filing, prosecuting, maintaining, defending and enforcing any patent claims and other intellectual property rights, including litigation costs and the outcome of such litigation, including costs of defending any claims of infringement brought by others in connection with the development, manufacture or commercialization of our product candidates.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate our research and development activities, preclinical and clinical trials for our product candidates for which we retain such responsibility and our establishment and maintenance of sales and marketing capabilities or other activities that may be necessary to commercialize or co-promote our product candidates.

Risks Related to Our Business

We are substantially dependent on the success of our lead product candidate, tenapanor, which may not be successful in nonclinical studies or clinical trials, receive regulatory approval or be successfully commercialized.

To date, we have invested a significant amount of our efforts and financial resources in the research and development of tenapanor, which is currently our lead product candidate and only product candidate in clinical

trials. In particular, together with AstraZeneca, our collaboration partner for tenapanor, we have completed six Phase 1 and two Phase 2 trials and are currently conducting three Phase 2 trials and one Phase 1 study. Our near-term prospects, including our ability to finance our operations through the receipt of milestone payments and generate revenue from product sales, will depend heavily on the successful development and AstraZeneca's commercialization of tenapanor, if approved. The clinical and commercial success of tenapanor will depend on a number of factors, including the following:

- the timely completion of the ongoing clinical trials of tenapanor, which will depend substantially upon the satisfactory performance of third-party contractors;
- whether tenapanor's safety and efficacy profile is satisfactory to the U.S. Food and Drug Administration, or FDA, and foreign regulatory authorities to warrant marketing approval;
- the timely completion of the ongoing chronic kidney disease, or CKD, Phase 2a clinical trial, which will depend substantially upon our ability to identify principal investigators with patient populations suitable for study, and the ability of those principal investigators to successfully enroll those patients into the trial;
- the results of a long-term rat carcinogenicity study required for approval of tenapanor, which will not be known for at least two and half years, and which may be delayed for a significant period of time for reasons outside of the control of AstraZeneca, particularly if AstraZeneca is required to restart or modify the study for any reason;
- whether FDA or foreign regulatory authorities require additional clinical trials prior to approval to market tenapanor;
- the prevalence and severity of adverse side effects of tenapanor;
- the timely receipt of necessary marketing approvals from the FDA and foreign regulatory authorities;
- the ability of AstraZeneca and us through our co-promotion rights, if we choose to exercise such rights and are not precluded from doing so under the terms of our agreement with AstraZeneca or any subsequent co-promotion agreements, to successfully commercialize tenapanor, if approved for marketing and sale by the FDA or foreign regulatory authorities, including educating physicians and patients about the benefits, administration and use of tenapanor;
- achieving and maintaining compliance with all regulatory requirements applicable to tenapanor;
- acceptance of tenapanor as safe and effective by patients and the medical community;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- obtaining and sustaining an adequate level of coverage and reimbursement for tenapanor by third-party payors;
- the effectiveness of AstraZeneca's marketing, sales and distribution strategy and operations;
- the ability of AstraZeneca, or any third-party manufacturer it contracts with, to successfully scale up the manufacturing process for tenapanor, which has not yet been demonstrated, and to manufacture supplies of tenapanor and to develop, validate and maintain a commercially viable manufacturing process that is compliant with current good manufacturing practice, or cGMP, requirements;
- enforcing intellectual property rights in and to tenapanor;
- avoiding third-party interference, opposition, derivation or similar proceedings with respect to our patent rights, and avoiding other challenges to our patent rights and patent infringement claims; and
- a continued acceptable safety profile of tenapanor following approval.

Most of these factors are beyond our control, including clinical development, the regulatory submission process, manufacturing, marketing and sales efforts of AstraZeneca.

As a first-in-class drug, tenapanor, has not been extensively studied in humans and the nonclinical and clinical data on its effect in the human body is limited to the trials and studies that we and AstraZeneca have completed. As a first-in-class drug, there is a higher likelihood that approval may not be attained as compared to a class of drugs with approved products. We cannot be certain that tenapanor will be successful in preclinical studies, clinical trials or receive regulatory approval. For example, like phosphate binders, treatment with tenapanor in patients with end stage renal disease, or ESRD, may be significantly impacted by such patient's adherence to a restrictive low phosphorus diet, and as such, adherence may be a factor in demonstrating the efficacy of tenapanor in clinical trials for this patient population. Further, it may not be possible or practicable to demonstrate, or if approved, to market on the basis of, certain of the benefits we believe tenapanor possesses, including the reduction of sodium absorption in patients with CKD, which is unlikely to be an endpoint to be considered for approval in CKD patients. Additionally, the reduction of serum phosphorus is currently an approvable endpoint in ESRD, but not in the broader CKD patient population in the United States. If the number of patients in the market for tenapanor or the price that the market can bear is not as significant as we estimate, we may not generate significant revenue from sales of tenapanor, if approved. Accordingly, we cannot assure you that tenapanor will ever be successfully commercialized or that we will ever generate revenue from sales of tenapanor. If we and AstraZeneca are not successful in completing the development of, obtaining approval for, and commercializing tenapanor, or are significantly delayed in doing so, our business will be materially harmed.

We are dependent on AstraZeneca for the development, regulatory approval, manufacture and commercialization of our small molecule NHE3 inhibitor program, which includes tenapanor, and if AstraZeneca fails to perform as expected, or is unable to obtain the required regulatory approvals for tenapanor, the potential for us to generate future revenue from milestone and royalty payments from tenapanor would be significantly reduced and our business would be materially and adversely harmed.

In October 2012, we entered into a license agreement with AstraZeneca granting it an exclusive worldwide license to our small molecule NHE3 inhibitor program, which includes our lead product candidate tenapanor, for all indications. Under this agreement, AstraZeneca has responsibility for completing all nonclinical and clinical development and obtaining and maintaining regulatory approval for tenapanor from the FDA and regulatory agencies outside of the United States. Ultimately, if tenapanor is advanced through clinical trials and receives marketing approval from the FDA or comparable foreign regulatory agencies, AstraZeneca will be responsible for the commercialization of tenapanor, subject to our right to elect to participate in certain co-promotion activities in the United States. The potential for us to obtain future development milestone payments and, ultimately, generate revenue from royalties from tenapanor depends entirely on the successful development, regulatory approval, marketing and commercialization of tenapanor by AstraZeneca. In addition to the risks inherent in the development of a drug product candidate, our collaboration partnership with AstraZeneca may not be successful due to a number of important factors, including the following:

- prior to the 175th day after the database lock for the ongoing Phase 2b clinical trial in hyperphosphatemic ESRD patients, AstraZeneca may terminate the license for any reason with 30 -days' prior written notice and thereafter AstraZeneca may terminate the license with 120- days' prior written notice;
- AstraZeneca has the unilateral ability to choose not to develop tenapanor for one or more indications for which it has been or is currently being evaluated, provided it pursues at least one indication, and AstraZeneca may choose to pursue an indication that is not in our strategic best interest or forego an indication, even if clinical data is supportive of further development for such indication;
- AstraZeneca may choose not to develop and commercialize tenapanor in all relevant markets;
- AstraZeneca may take considerably more time advancing tenapanor through the clinical and regulatory process than we currently anticipate, which could materially delay the achievement of milestones and, consequently the receipt of milestone payments from AstraZeneca;

- AstraZeneca's obligation to use "commercially reasonable efforts" with regard to the development, regulatory approval, manufacture and commercialization of tenapanor under our agreement leaves AstraZeneca with discretion in determining the efforts and resources that it will apply to the development, regulatory approval, manufacture and commercialization of tenapanor;
- subject to our right to elect to participate in co-promotion activities in the United States, AstraZeneca controls all aspects of the commercialization of tenapanor;
- AstraZeneca is obligated to reimburse a specified amount for the current constipation-predominant irritable bowel syndrome, or IBS-C, Phase 2b clinical trial, and despite our efforts to keep costs below that amount, we may be required to spend more than that to complete the trial, and if we do so, we will not be reimbursed for those excess amounts by AstraZeneca;
- AstraZeneca's recent strategic withdrawal from selling gastrointestinal, or GI, products and the differing treatment of the IBS-C indication in our agreement implies that AstraZeneca may choose not to develop the IBS-C indication, even if our current Phase 2b clinical trial were successful;
- AstraZeneca may change the focus of its development and commercialization efforts or pursue higher-priority programs and, accordingly, reduce the efforts and resources allocated to tenapanor, which will have the direct effect of reducing our co-promotion activities as our level of co-promotion is limited to a percentage of the overall commercialization activities;
- AstraZeneca may fail to develop a commercially viable formulation or manufacturing process for tenapanor, and may fail to manufacture or supply sufficient drug substance of tenapanor for commercial use, if approved, which could result in lost revenue;
- AstraZeneca may not comply with all applicable regulatory requirements or may fail to report safety data in accordance with all applicable regulatory requirements;
- AstraZeneca may sublicense its rights with respect to tenapanor to one or more third parties without our consent;
- AstraZeneca may not dedicate the resources that would be necessary to carry tenapanor through clinical development or may not obtain the necessary regulatory approvals;
- AstraZeneca is currently the target of a proposed acquisition and, if such acquisition occurs, the acquiror may have different strategic priorities that could cause it to terminate our agreement or reduce its commitment to our collaboration partnership; and
- if our agreement with AstraZeneca terminates, we will no longer have any rights to receive potential revenue under the agreement with AstraZeneca, in which case we would need to identify alternative means to continue the development, manufacture and commercialization of tenapanor, alone or with others.

The timing and amount of any milestone and royalty payments we may receive under our agreement will depend on, among other things, the efforts, allocation of resources, and successful development and commercialization of tenapanor by AstraZeneca under our agreement. There can be no assurance that any of the development and regulatory milestones will be achieved or that we will receive any future milestone payments under the agreement. In addition, in certain circumstances we may believe that we have achieved a particular milestone and AstraZeneca may disagree with our belief. In that case, receipt of that milestone payment may be delayed or may never be received, which may require us to adjust our operating plans.

If AstraZeneca does not perform in the manner we expect or fulfill its responsibilities in a timely manner, or at all, the clinical development, regulatory approval and commercialization efforts related to tenapanor could be delayed or terminated and it could become necessary for us to assume the responsibility at our own expense for the clinical development of tenapanor. In that event, we would likely be required to substantially limit the size and scope of the development and commercialization of tenapanor or seek additional financing to fund further development, or to identify alternative collaboration partners for tenapanor, and our potential to generate future revenue from royalties and milestone payments from tenapanor would be significantly reduced or delayed and our business would be materially and adversely harmed.

Our election to co-fund the first Phase 3 clinical development program for tenapanor must be made in a limited time period prior to the initiation of the first pivotal clinical trial for tenapanor and, as a result, we may make a substantial capital investment for a product candidate based on limited clinical data.

Under our agreement with AstraZeneca, we may elect to participate in the funding of the first Phase 3 clinical development program for the first indication of tenapanor by investing a co-funding amount of $20.0 million, $30.0 million or $40.0 million to acquire an increase of 1%, 2% or 3%, respectively, in the royalties payable to us by AstraZeneca on net sales of tenapanor. We may exercise this right only for a limited period of 60 days following AstraZeneca's determination to proceed to the first Phase 3 clinical development program for tenapanor for a specific indication. An election to participate in the co-fund will be based, in part, on our analysis as to the likelihood of success of the Phase 3 clinical development program and the potential for regulatory approval to commercialize tenapanor. As a result, we will be required to make a substantial capital investment in tenapanor prior to the initiation of the first pivotal clinical trial and if tenapanor is unsuccessful in its pivotal trial or if it never receives regulatory approval, we will not receive any financial return on this capital investment.

We have not yet negotiated our agreement with AstraZeneca specifying all of the terms of our co-promotion right.

Pursuant to our license agreement with AstraZeneca, we have retained a co-promotion right with respect to tenapanor in the United States. While the license agreement includes the material terms of our co-promotion right, we and AstraZeneca mutually agreed to negotiate a separate agreement specifying the detailed activities and responsibilities in respect of the marketing and co-promotion of tenapanor following our election to exercise our co-promotion rights. If we elect to exercise our co-promotion rights, the separate agreement we negotiated with AstraZeneca may place restrictions or additional obligations on us, including financial obligations. Any restrictions or additional obligations may restrict our co-promotion activities or involve more significant financial obligations than we currently anticipate.

Exercising our co-promotion right under our license agreement with AstraZeneca may restrict our future commercialization and/or co-promotion activities.

Our agreement with AstraZeneca prohibits us from using the same sales force to co-promote tenapanor as we do to promote other products that compete with tenapanor or with any other products that are then being actively promoted by AstraZeneca or its affiliates. If we elect to co-promote tenapanor, we may therefore be required to have a separate sales forces to promote other products we may elect to co-promote under our agreement with Sanofi, or other products we develop and commercialize on our own, should any of such products be competitive with tenapanor or with any other products promoted by AstraZeneca or its affiliates. The exercise of the co-promotion right under our agreement with AstraZeneca, could adversely affect the efficiency and cost of our promotion efforts for our products and, effectively, may prohibit us from exercising our co-promotion rights under our agreement with Sanofi or with respect to other co-promotion rights with future collaboration partners.

If Sanofi does not exercise its option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors or if it exercises the option and subsequently terminates any development program under its collaboration partnership with us, any potential milestone payments or revenue from product sales under this collaboration partnership will be significantly reduced or non-existent, and our results of operations and financial condition will be materially and adversely affected.

In February 2014, we entered into a license option and license agreement with Sanofi under which we granted Sanofi an exclusive worldwide license to conduct research utilizing our small molecule NaP2b inhibitors, which we refer to as our RDX002 program, solely for the purpose of completing activities under a preclinical development plan. We believe the inhibition of NaP2b, an intestinal phosphate transporter, would provide utility for the treatment of hyperphosphatemia in ESRD patients, which is also the lead indication for which we and AstraZeneca are developing tenapanor.

Under the terms of this agreement, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors. Sanofi may exercise this option at any time following the effective date of the agreement and ending 45 days after the filing of an investigational new drug application, or IND, subject to certain exceptions, and if Sanofi does not file an IND on or before the 40th month anniversary of the completion of the technology transfer phase, the agreement will terminate.

If Sanofi does not exercise its option under its agreement with us, or terminates its rights and obligations with respect to the development program or the entire agreement, then depending on the timing of such event:

- the development of our NaP2b inhibitor program may be terminated or significantly delayed;
- we would bear all of the risks and costs related to the further development and commercialization of product candidates that were previously the subject of the agreement if we decided to continue work under the NaP2b inhibitor program independently;
- we would not be eligible to receive any of the remaining development or regulatory milestone payments or royalties on product sales;
- in order to fund further development and commercialization of the NaP2b program, we may need to raise additional capital if we choose to internally pursue the development of the program, or we may need to seek out and establish alternative collaboration partnerships with third-party collaboration partners for the program, which may not be possible, or we may not be able to do so on terms which are acceptable to us, in which case it may be necessary for us to limit the size or scope of the programs or increase our expenditures and seek additional funding by other means; and
- our cash expenditures could increase significantly if it is necessary for us to hire additional employees and allocate scarce resources to the development and commercialization of the NaP2b program.

Any of these events would have a material adverse effect on our results of operations and financial condition.

In addition, we may be effectively prohibited from co-promoting any product candidates arising from the NaP2b program if we have previously exercised our co-promotion right under our agreement with AstraZeneca. For additional information regarding the effect of exercising our co-promotion right with AstraZeneca, see the risk factor above titled “Exercising our co-promotion right under our license agreement with AstraZeneca may restrict our future commercialization and/or co-promotion activities.”

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter substantial delays in our clinical studies. Furthermore, results of earlier studies and trials may not be predictive of future trial results.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we, or our collaboration partners, must conduct extensive clinical studies to demonstrate the safety and efficacy of the product candidates in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. For example, in a Phase 2a study evaluating tenapanor in ESRD patients with fluid overload, while pharmacological activity of tenapanor was confirmed, the study failed to meet the primary endpoint of a statistically significant difference between tenapanor and placebo in change in interdialytic weight gain from baseline to week 4. The results of preclinical and clinical studies of our product candidates may not be predictive of the results of later-stage clinical trials. For example, the positive results generated to date in preclinical and clinical studies for tenapanor do not ensure that the ongoing Phase 2a and Phase 2b clinical trials, or future clinical trials, will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through preclinical studies and initial clinical trials. A number of companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials for similar indications that we are pursuing due to lack of efficacy or adverse safety profiles,

notwithstanding promising results in earlier studies, and we cannot be certain that we will not face similar setbacks. Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates.

We may experience delays in our ongoing or future trials, and we do not know whether future clinical trials will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at all. Clinical trials can be delayed or terminated for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a trial, if applicable;
- reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtain institutional review board, or IRB, approval at each site;
- recruit suitable patients in a timely manner to participate in our trials;
- have patients complete a trial or return for post-treatment follow-up;
- ensure that clinical sites observe trial protocol, comply with good clinical practices, or GCPs, or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- initiate or add a sufficient number of clinical trial sites; or
- manufacture sufficient quantities of product candidate for use in clinical trials.

Patient enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating. We and AstraZeneca have experienced a delay in the enrollment of the ongoing Phase 2a clinical trial in CKD patients due to the restrictive eligibility criteria, and, although we have initiated efforts to increase enrollment by initiating new sites and amending the protocol, there can be no assurances that our efforts will be successful in increasing the rate of enrollment to complete this study on time, if at all.

We could also encounter delays if a clinical trial is suspended or terminated by us, our collaboration partner for the product candidate, by the IRBs of the institutions in which such trials are being conducted, by an independent data safety monitoring board, or DSMB, for such trial or by the FDA or other regulatory authorities. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Further, conducting clinical trials in foreign countries presents additional risks that may delay completion of clinical trials. These risks include the failure of physicians or enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes and political and economic risks relevant to such foreign countries. In addition, the FDA may determine that the clinical trial results obtained in foreign subjects do not represent the safety and efficacy of a product candidate when administered in U.S. patients and

are thus not supportive of an NDA approval in the United States. As part of our effort to increase the rate of enrollment in the ongoing Phase 2a clinical trial in CKD patients, we and AstraZeneca have plans to initiate sites in Germany. For the reasons stated above, these efforts may not improve the rate of enrollment in this study, or generate results that can be used to support the development of tenapanor.

If there are delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates may be harmed, and our ability to generate revenue from product sales from any of these product candidates will be delayed. In addition, any delays in completing the clinical trials will increase costs, slow down our product candidate development and approval process and jeopardize the ability to commence product sales and generate revenue from product sales. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our unlicensed product candidates are at an early stage of development and we may not be successful in our efforts to develop these products or expand our pipeline of product candidates.

A key element of our strategy is to expand our pipeline of products candidates utilizing our proprietary drug discovery and design platform and to advance such product candidates through clinical development. Our current unlicensed product candidates, which include candidates in our RDX009, RDX013 and RDX020 programs, are in the discovery and lead identification stages of preclinical development and will require substantial preclinical and clinical development, testing and regulatory approval prior to commercialization. In particular, tenapanor is our only product candidate in clinical trials and our other product candidates are in the preclinical stage with significant research and development required before we could file an IND with regulatory authorities to begin clinical studies. Of the large number of drugs in development, only a small percentage of such drugs successfully complete the FDA regulatory approval process and are commercialized. Accordingly, even if we are able to continue to fund our development programs, we cannot assure you that any product candidates will reach the clinic or be successfully developed or commercialized.

Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Although our research and development efforts to date have resulted in several development programs, we may not be able to develop product candidates that are safe and effective. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- the research methodology used and our drug discovery and design platform may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- the market for a product candidate may change during our program so that the continued development of that product candidate is no longer reasonable;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

Even if we are successful in continuing to expand our pipeline, through our own research and development efforts or by pursuing in-licensing or acquisition of product candidates, the potential product candidates for which we identify or acquire rights may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize a product pipeline, we may not be able to generate revenue from product sales in future periods or ever achieve profitability.

Our proprietary drug discovery and design platform, and, in particular, APECCS, is a new approach to the discovery, design and development of new product candidates and may not result in any products of commercial value.

We have developed a proprietary drug discovery and design platform to enable the identification, screening, testing, design and development of new product candidates, and we recently we enhanced this platform with the addition of APECCS. We plan to utilize APECCS to identify new and potentially novel targets in the GI tract. We have also identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets. However, we cannot assure you APECCS will work nor that any of these potential targets or other aspects of our proprietary drug discovery and design platform will yield product candidates that could enter clinical development and, ultimately, be commercially valuable.

Although we expect to continue to enhance the capabilities of our APECCS system by advancing the cell culture and screening process and/or acquiring new technologies to broaden the scope of APECCS, we may not be successful in any of our enhancement and development efforts. For example, we may not be able to enter into agreements on suitable terms to obtain technologies required to develop certain capabilities of APECCS. In addition, we may not be successful in developing the conditions necessary to grow multiple segments of intestine or from multiple species, or otherwise develop assays or cell cultures necessary to expand these capabilities. If our enhancement or development efforts are unsuccessful, we may not be able to advance our drug discovery capabilities as quickly as we expect or identify as many potential drugable targets as we desire.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we have focused on research programs and product candidates that relate to discovery and development of non-systemic drugs that work in the GI tract. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration partnerships, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We rely on third parties to conduct some of our preclinical and nonclinical studies and all of our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our product candidates.

We do not have the ability to independently conduct clinical trials and, in some cases, preclinical or nonclinical studies. We rely on medical institutions, clinical investigators, contract laboratories, collaboration partners and other third parties, such as CROs, to conduct clinical trials on our product candidates. The third parties with whom we contract for execution of the clinical trials we are conducting with AstraZeneca, as well as

those third parties with whom we will contract for execution of clinical trials for our internal programs, play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we control only certain aspects of their activities and have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely, and will continue to rely, on these third parties to conduct some of our preclinical and nonclinical studies and all of our clinical trials, we remain responsible for ensuring that each of our studies and clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with current good laboratory practices, or GLPs, for preclinical and nonclinical studies, and good clinical practices, or GCPs, for clinical studies. GLPs and GCPs are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, or EEA, and comparable foreign regulatory authorities for all of our products in preclinical and clinical development, respectively. Regulatory authorities enforce GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our third party contractors fail to comply with applicable regulatory requirements, including GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the European Medicines Agency, or EMA, or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Even if our product candidates obtain regulatory approval, they may never achieve market acceptance or commercial success, which will depend, in part, upon the degree of acceptance among physicians, patients, patient advocacy groups, health care payors and the medical community.

Even if our product candidates obtain FDA or other regulatory approvals, and are ultimately commercialized, our product candidates may not achieve market acceptance among physicians, patients, third-party payors, patient advocacy groups, health care payors and the medical community. Market acceptance of our product candidates for which marketing approval is obtained depends on a number of factors, including:

- the efficacy of the products as demonstrated in clinical trials;
- the prevalence and severity of any side effects and overall safety profile of the product;
- the clinical indications for which the product is approved;
- advantages over existing therapies;
- acceptance by physicians, major operators of clinics and patients of the product as a safe and effective treatment;
- relative convenience and ease of administration of our products;
- the potential and perceived advantages of our product candidates over current treatment options or alternative treatments, including future alternative treatments;
- the cost of treatment in relation to alternative treatments and willingness to pay for our products, if approved, on the part of physicians and patients;
- the availability of alternative products and their ability to meet market demand;
- the strength of our or our collaboration partners' marketing and distribution organizations;
- the quality of our relationships with patient advocacy groups; and
- sufficient third-party coverage or reimbursement.

Any failure by our product candidates that obtain regulatory approval to achieve market acceptance or commercial success would adversely affect our results of operations.

Our product candidates may cause undesirable side effects or have other properties that could delay our clinical trials, or delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval, if any. If any of our product candidates receives marketing approval and we or others later identify undesirable side effects caused by the product candidate, the ability to market the product candidates could be compromised.

Undesirable side effects caused by our product candidates could cause us, our collaboration partners, or regulatory authorities to interrupt, delay or halt clinical trials, result in the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authorities or limit the commercial profile of an approved label. To date, patients treated with tenapanor have experienced drug-related side effects including diarrhea, nausea, flatulence, abdominal discomfort, abdominal pain, and abdominal distention. In the event that trials conducted by us or AstraZeneca with tenapanor, or trials we conduct with our other product candidates, reveal an unacceptable severity and prevalence of these or other side effects, such trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order AstraZeneca or us to cease further development of or deny approval of tenapanor, or any such other product candidate, for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

In addition, in the event that any of our product candidates receives regulatory approval and we or others later identify undesirable side effects caused by one of our products, a number of potentially significant negative consequences could occur, including:

- regulatory authorities may withdraw their approval of the product or seize the product;
- we, or our collaboration partners, may be required to recall the product;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof, including the imposition of a Risk Evaluation and Mitigation Strategies, or REMS, plan that may require creation of a Medication Guide outlining the risks of such side effects for distribution to patients, as well as elements to assure safe use of the product, such as a patient registry and training and certification of prescribers;
- we, or our collaboration partners, may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer

Any of the foregoing events could prevent us, or our collaboration partners, from achieving or maintaining market acceptance of a particular product candidate, if approved, and could result in the loss of significant revenue to us, which would materially and adversely affect our results of operations and business.

We face substantial competition and our competitors may discover, develop or commercialize products faster or more successfully than us.

The biotechnology and pharmaceutical industries are highly competitive, and we face significant competition from companies in the biotechnology, pharmaceutical and other related markets that are researching and marketing products designed to address diseases that we are currently developing products to treat. If approved for marketing by the FDA or other regulatory agencies, tenapanor, or our other product candidates, would compete against existing treatments. For example, tenapanor will, if approved, compete directly with

phosphate binders for the treatment of hypophosphatemia in patients with ESRD, including sevelamer hydrochloride (Renagel) and sevelamer carbonate (Renvela), which were launched by Genzyme. We are also aware of at least one company, Impax Laboratories, which is expected to launch a generic version of sevelamer carbonate and sevelamer hydrochloride in April 2014. In addition to the currently marketed phosphate binders, we are aware of several other binders in development such as ferric citrate (Zerenex), an iron-based binder in Phase 3 being developed in the United States by Keryx and approved in Japan, fermagate (Alpharen), an iron-based binder in Phase 2 being developed by Opko Health, and sucroferric oxyhydroxide (Velphoro), an iron-based binder.

While there are no treatments for CKD that have been proven to reverse the disease, we are aware of one agent, CLP-1001, being developed by Sorbent Therapeutics, which is an orally administered, non-systemic exchange resin that binds both sodium and potassium as well as protons that showed positive effects in CKD patients with heart failure in a Phase 2a clinical trial and which showed the ability to increase fecal sodium. We believe this agent, if approved, may be competitive with tenapanor to treat CKD and ESRD patients. We are aware of certain investigational drugs that were being developed for delaying kidney decline as measured by estimated glomerular filtration rate, or eGFR. Among other products, Concert Pharmaceuticals is developing CTP-499 which showed protective effects on kidney function at 48 weeks in a Phase 2 clinical trial in patients with CKD and type 2 diabetes.

Numerous treatments exist for constipation and the constipation component of IBS-C, many of which are over-the-counter. These include psyllium husk (such as Metamucil), methylcellulose (such as Citrucel), calcium polycarbophil (such as FiberCon), lactulose (such as Cephulac), polyethylene glycol (such as MiraLax), sennosides (such as Exlax), bisacodyl (such as Ducolax), docusate sodium (such as Colace), magnesium hydroxide (such as Milk of Magnesia), saline enemas (such as Fleet) and sorbitol. These agents are generally inexpensive and work well to relieve temporary constipation. We are also aware of two prescription drugs currently on the U.S. market that are approved to treat IBS-C, Linzess (linaclotide), which was developed by Ironwood Pharmaceuticals and was approved in 2012 and 2013 for IBS-C and chronic constipation in both the United States and in Europe, and Amitiza (lubiprostone), which was first approved in the United States in 2006 and is currently marketed by Sucampo and Takeda for treatment of chronic idiopathic constipation, or CIC, IBS-C and opioid induced constipation, or OIC.

It is possible that our competitors will develop and market drugs or other treatments that are less expensive and more effective than our product candidates, or that will render our product candidates obsolete. It is also possible that our competitors will commercialize competing drugs or treatments before we or our collaboration partners can launch any products developed from our product candidates. We also anticipate that we will face increased competition in the future as new companies enter into our target markets.

Many of our competitors have materially greater name recognition and financial, manufacturing, marketing, research and drug development resources than we do. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. Large pharmaceutical companies in particular have extensive expertise in preclinical and clinical testing and in obtaining regulatory approvals for drugs. In addition, academic institutions, government agencies, and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products or technologies. These organizations may also establish exclusive collaboration partnerships or licensing relationships with our competitors.

For additional information regarding the competitive landscape for our product candidates, see “Business—Competition.”

We currently have no sales organization. If we are unable to establish sales capabilities on our own or through third parties, we may not be able to co-promote tenapanor, if approved, or commercialize or co-promote any of our other product candidates.

We currently do not have a sales organization. In order to co-promote tenapanor or commercialize or co-promote any of our other product candidates, we must build our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If one or more of our product candidates receives regulatory approval, we expect to establish a specialty sales organization with technical expertise and supporting distribution capabilities to co-promote and/or commercialize our product candidates, which will be expensive and time consuming. As a company, we have no prior experience in the marketing, sale and distribution of pharmaceutical products and there are significant risks involved in building and managing a sales organization, including our ability to hire, retain, and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel, comply with regulatory requirements applicable to the marketing and sale of drug products and effectively manage a geographically dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of these products.

We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our product candidates.

We rely completely on third parties to manufacture our preclinical and clinical drug supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidate. Our business would be harmed if those third parties fail to obtain approval of the FDA, Competent Authorities of the Member States of the EEA or comparable regulatory authorities, fail to provide us with sufficient quantities of drug product, or fail to do so at acceptable quality levels or prices.

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our preclinical and clinical drug supplies for use in the conduct of our preclinical and clinical studies, and we lack the resources and the capability to manufacture any of our product candidates on a clinical or commercial scale. The facilities used by our contract manufacturers to manufacture any drug products must be approved by the FDA pursuant to inspections that will be conducted after an NDA is submitted to the FDA. We do not control the manufacturing process of our product candidates, and, other than with respect to tenapanor, we are completely dependent on our contract manufacturing partners for compliance with the regulatory requirements, known as cGMPs, for manufacture of both active drug substances and finished drug products. Under our agreement with AstraZeneca, the manufacturing of tenapanor is the responsibility of AstraZeneca. We are entirely dependent on AstraZeneca for all aspects of the manufacturing and validation process, as well as providing all commercial supply of tenapanor. For additional information regarding the risks of our dependence on AstraZeneca, see the risk factors above titled “We are substantially dependent on the success of our lead product candidate, tenapanor, which may not be successful in nonclinical studies or clinical trials, receive regulatory approval or be successfully commercialized” and “We are dependent on AstraZeneca for the development, regulatory approval, manufacture and commercialization of our small molecule NHE3 inhibitor program, which includes tenapanor, and if AstraZeneca fails to perform as expected, or is unable to obtain the required regulatory approvals for tenapanor, the potential for us to generate future revenue from milestone and royalty payments from tenapanor would be significantly reduced and our business would be materially and adversely harmed.”

If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the

FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

We rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our clinical studies. There are a limited number of suppliers for raw materials that we use to manufacture our drugs, and there may be a need to identify alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical studies, and, if approved, ultimately for commercial sale. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. Although we generally do not begin a clinical study unless we believe we have on hand, or will be able to manufacture a sufficient supply of a product candidate to complete such study, any significant delay or discontinuity in the supply of a product candidate, or the raw material components thereof, for an ongoing clinical study due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing, and potential regulatory approval of our product candidates, which could harm our business and results of operations.

Third-party payor coverage and reimbursement status of newly-approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for our products, if approved, could limit our ability to market those products and decrease our ability to generate revenue.

The pricing, coverage and reimbursement of our product candidates, if approved, must be adequate to support a commercial infrastructure. The availability and adequacy of coverage and reimbursement by governmental and private payors are essential for most patients to be able to afford treatments such as ours, assuming approval. Sales of our product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of our product candidates will be paid for by health maintenance, managed care, pharmacy benefit, and similar healthcare management organizations, or reimbursed by government authorities, private health insurers, and other third-party payors. If coverage and reimbursement are not available, or are available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a return on our investment.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about coverage and reimbursement for new drugs are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services responsible for administering the Medicare program, as CMS decides whether and to what extent a new drug will be covered and reimbursed under Medicare. Private payors tend to follow the coverage reimbursement policies established by CMS to a substantial degree. It is difficult to predict what CMS will decide with respect to reimbursement for products such as ours.

In July 2010, CMS released its final rule to implement a bundled prospective payment system for the treatment of ESRD patients as required by the Medicare Improvements for Patients and Providers Act, or MIPPA. The bundled payment covers a bundle of items and services routinely required for dialysis treatments furnished to Medicare beneficiaries in Medicare-certified ESRD facilities or at their home, including the cost of certain routine drugs. The final rule delayed the inclusion of oral medications without intravenous equivalents in the bundled payment until January 1, 2014 and in April 2014, President Obama signed the Protecting Access to Medicare Act of 2014, which further extends this implementation date to January 1, 2024. As a result of the recent legislation, beginning in 2024, ESRD-related drugs will be included in the bundle and separate Medicare reimbursement will no longer be available for such drugs, as it is today under Medicare Part D. While it is too early to project the full impact bundling may have on the industry, the impact could potentially cause dramatic price reductions for tenapanor, if approved. We and AstraZeneca may be unable to sell tenapanor, if approved, to dialysis providers on a profitable basis if third-party payors reduce their current levels of payment, or if our costs of production increase faster than increases in reimbursement levels.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe, Canada, China and other countries has and will continue to put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medicinal products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for new products approved and, as a result, these caps may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls or withdrawals, or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize or co-promote our product candidates.

Our inability to obtain and maintain sufficient product liability insurance at an acceptable cost and scope of coverage to protect against potential product liability claims could prevent or inhibit the commercialization of any products we develop. We currently carry product liability insurance covering use in our clinical trials in the amount of $10.0 million in the aggregate. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various

exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses.

We are highly dependent on the services of our President and Chief Executive Officer, Michael Raab, our Chief Scientific Officer, Dominique Charmot, Ph.D., and our Vice President of Drug Development, David Rosenbaum, Ph.D., and if we are not able to retain these members of our management or recruit additional management, clinical and scientific personnel, our business will suffer.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified personnel. In particular, we are highly dependent upon Michael Raab, our President and Chief Executive Officer, Dominique Charmot, Ph.D., our Chief Scientific Officer, and David Rosenbaum, Ph.D., our Vice President of Drug Development. The loss of services of any of these individuals could delay or prevent the successful development of our product pipeline, completion of our planned clinical trials or the commercialization of our product candidates. Although we have entered into employment agreements with our senior management team, including Mr. Raab and Drs. Charmot and Rosenbaum, these agreements are terminable at will with or without notice and, therefore, we may not be able to retain their services as expected. Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. For example, competition for qualified personnel in the biotechnology and pharmaceuticals field is intense due to the limited number of individuals who possess the skills and experience required by our industry. In addition to the competition for personnel, the San Francisco Bay area in particular is characterized by a high cost of living. As such, we could have difficulty attracting experienced personnel to our company and may be required to expend significant financial resources in our employee recruitment and retention efforts.

We will need to significantly increase the size of our organization, and we may experience difficulties in managing growth.

As of March 31, 2014, we had 37 full-time employees. We will need to continue to expand our managerial, operational, finance and other resources in order to manage our operations, preclinical and clinical trials, research and development activities, regulatory filings, manufacturing and supply activities, and any marketing and commercialization activities, including co-promotion activities. Our management, personnel, systems and facilities currently in place may not be adequate to support this future growth. Our need to effectively execute our growth strategy requires that we:

- expand our general and administrative functions;
- establish and build a marketing and commercial organization;
- identify, recruit, retain, incentivize and integrate additional employees;
- manage our internal development efforts effectively while carrying out our contractual obligations to third parties; and
- continue to improve our operational, legal, financial and management controls, reporting systems and procedures.

If we are not able to attract, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

We will incur significant costs as a result of operating as a public company, and our management will devote substantial time to new compliance initiatives. We may fail to comply with the rules that apply to public companies, including Section 404 of the Sarbanes-Oxley Act of 2002, which could result in sanctions or other penalties that would harm our business.

We will incur significant legal, accounting and other expenses as a public company, including costs resulting from public company reporting obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and regulations regarding corporate governance practices. The listing requirements of The NASDAQ Global Market require that we satisfy certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements, and we will likely need to hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Moreover, the reporting requirements, rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

In addition, we expect that we will need to implement an enterprise resource planning, or ERP, system for our company. An ERP system is intended to combine and streamline the management of our financial, accounting, human resources, sales and marketing and other functions, enabling us to manage operations and track performance more effectively. However, an ERP system would likely require us to complete many processes and procedures for the effective use of the system or to run our business using the system, which may result in substantial costs. Additionally, during the conversion process, we may be limited in our ability to convert any business that we acquire to the ERP. Any disruptions or difficulties in implementing or using an ERP system could adversely affect our controls and harm our business, including our ability to forecast or make sales and collect our receivables. Moreover, such disruption or difficulties could result in unanticipated costs and diversion of management attention.

After this offering, we will be subject to Section 404 of The Sarbanes-Oxley Act of 2002, or Section 404, and the related rules of the Securities and Exchange Commission, or SEC, which generally require our management and independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. Beginning with the second annual report that we will be required to file with the SEC, Section 404 requires an annual management assessment of the effectiveness of our internal control over financial reporting. However, for so long as we remain an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404. Once we are no longer an emerging growth company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal controls over financial reporting. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of the completion of this offering (December 31, 2019), (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion, or (3) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

To date, we have never conducted a review of our internal control for the purpose of providing the reports required by these rules. During the course of our review and testing, we may identify deficiencies and be unable to remediate them before we must provide the required reports. Furthermore, if we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We or our independent registered public accounting firm may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall. In addition, as a public company we will be required to file accurate and timely quarterly and annual reports with the SEC under the Exchange Act. Any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from The NASDAQ Global Market or other adverse consequences that would materially harm our business.

We may form additional collaboration partnerships in the future with respect to our independent programs, and we may not realize the benefits of such collaborations.

We may form collaboration partnerships, create joint ventures or enter into licensing arrangements with third parties with respect to our independent programs that we believe will complement or augment our existing business. We have historically engaged, and intend to continue to engage, in partnering discussions with a range of pharmaceutical and biotechnology companies and could enter into new collaboration partnerships at any time. We face significant competition in seeking appropriate collaboration partners, and the negotiation process to secure appropriate terms is time-consuming and complex. Any delays in identifying suitable collaboration partners and entering into agreements to develop our product candidates could also delay the commercialization of our product candidates, which may reduce their competitiveness even if they reach the market. Moreover, we may not be successful in our efforts to establish such a collaboration partnership for any future product candidates and programs on terms that are acceptable to us, or at all. This may be because our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort, our research and development pipeline may be viewed as insufficient, and/or third parties may not view our product candidates and programs as having sufficient potential for commercialization, including the likelihood of an adequate safety and efficacy profile. Even if we are successful in entering into a collaboration partnership or license arrangement, there is no guarantee that the collaboration partnership will be successful, or that any future collaboration partner will commit sufficient resources to the development, regulatory approval, and commercialization effort for such products, or that such alliances will result in us achieving revenues that justify such transactions.

We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.

We intend to consider strategic transactions, such as acquisitions of companies, asset purchases, and or in-licensing of products, product candidates or technologies. Additional potential transactions that we may consider include a variety of different business arrangements, including spin-offs, collaboration partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Any such transaction may require us to incur non-recurring or other charges, may increase our near- and long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including:

- up-front, milestone and royalty payments, equity investments and financial support of new research and development candidates including increase of personnel, all of which may be substantial;
- exposure to unknown liabilities;
- disruption of our business and diversion of our management’s time and attention in order to develop acquired products, product candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay for acquisitions;

- higher-than-expected acquisition and integration costs;
- write-downs of assets or goodwill or impairment charges;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses.

Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and could have a material adverse effect on our business, results of operations, financial condition and prospects.

If we seek and obtain approval to commercialize our product candidates outside of the United States, or otherwise engage in business outside of the United States, a variety of risks associated with international operations could materially adversely affect our business.

We may decide to seek marketing approval for certain of our product candidates outside the United States or otherwise engage in business outside the United States, including entering into contractual agreements with third-parties. We expect that we will be subject to additional risks related to entering into these international business markets and relationships, including:

- different regulatory requirements for drug approvals in foreign countries;
- differing United States and foreign drug import and export rules;
- reduced protection for intellectual property rights in foreign countries;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- different reimbursement systems, and different competitive drugs;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- potential liability resulting from development work conducted by these distributors; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters.

Our business involves the use of hazardous materials and we and third-parties with whom we contract must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our research and development activities involve the controlled storage, use and disposal of hazardous materials, including the components of our product candidates and other hazardous compounds. We and

manufacturers and suppliers with whom we may contract are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. We cannot guarantee that that the safety procedures utilized by third-party manufacturers and suppliers with whom we may contract will comply with the standards prescribed by laws and regulations or will eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. We do not currently carry biological or hazardous waste insurance coverage.

Our internal computer systems, or those of our CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical trial data from completed or ongoing clinical trials for any of our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our product candidates could be delayed.

We may be adversely affected by the current global economic environment.

Our ability to attract and retain collaboration partners or customers, invest in and grow our business and meet our financial obligations depends on our operating and financial performance, which, in turn, is subject to numerous factors, including the prevailing economic conditions and financial, business and other factors beyond our control, such as the rate of unemployment, the number of uninsured persons in the United States and inflationary pressures. Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. The recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. We cannot anticipate all the ways in which the current global economic climate and global financial market conditions could adversely impact our business.

We are exposed to risks associated with reduced profitability and the potential financial instability of our collaboration partners or customers, many of which may be adversely affected by volatile conditions in the financial markets. For example, unemployment and underemployment, and the resultant loss of insurance, may decrease the demand for healthcare services and pharmaceuticals. If fewer patients are seeking medical care because they do not have insurance coverage, our collaboration partners or customers may experience reductions in revenues, profitability and/or cash flow that could lead them to reduce their support of our programs or financing activities. If collaboration partners or customers are not successful in generating sufficient revenue or are precluded from securing financing, they may not be able to pay, or may delay payment of, accounts receivable that are owed to us. In addition, the volatility in the financial markets could cause significant fluctuations in the interest rate and currency markets. We currently do not hedge for these risks. The foregoing events, in turn, could adversely affect our financial condition and liquidity. In addition, if economic challenges in the United States result in widespread and prolonged unemployment, either regionally or on a national basis,

prior to the effectiveness of certain provisions of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively known as the Affordable Care Act, a substantial number of people may become uninsured or underinsured. To the extent economic challenges result in fewer individuals pursuing or being able to afford our product candidates once commercialized, our business, results of operations, financial condition and cash flows could be adversely affected.

We may be adversely affected by earthquakes or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our corporate headquarters and other facilities are located in the San Francisco Bay Area, which in the past has experienced severe earthquakes. We do not carry earthquake insurance. Earthquakes or other natural disasters could severely disrupt our operations, and have a material adverse effect on our business, results of operations, financial condition and prospects.

If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our enterprise financial systems or manufacturing resource planning and enterprise quality systems, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business.

Risks Related to Government Regulation

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.

The research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. Neither we nor any of our collaboration partners is permitted to market any drug product in the United States until we receive marketing approval from the FDA. We have not submitted an application or obtained marketing approval for any of our product candidates anywhere in the world. Obtaining regulatory approval of a new drug application, or NDA, can be a lengthy, expensive and uncertain process. In addition, failure to comply with FDA and other applicable United States and foreign regulatory requirements may subject us to administrative or judicially imposed sanctions or other actions, including:

- warning letters;
- civil and criminal penalties;
- injunctions;
- withdrawal of regulatory approval of products;
- product seizure or detention;
- product recalls;
- total or partial suspension of production; and
- refusal to approve pending NDAs or supplements to approved NDAs.

Prior to obtaining approval to commercialize a drug candidate in the United States or abroad, we or our collaboration partners must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the FDA or other foreign regulatory agencies, that such drug candidates are safe and effective for

their intended uses. The number of nonclinical studies and clinical trials that will be required for FDA approval varies depending on the drug candidate, the disease or condition that the drug candidate is designed to address, and the regulations applicable to any particular drug candidate. Results from nonclinical studies and clinical trials can be interpreted in different ways. Even if we believe the nonclinical or clinical data for our drug candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. Administering drug candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the FDA or other regulatory authorities denying approval of a drug candidate for any or all targeted indications.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable, typically takes many years following the commencement of clinical studies, and depends upon numerous factors. The FDA and comparable foreign authorities have substantial discretion in the approval process and we may encounter matters with the FDA or such comparable authorities that requires us to expend additional time and resources and delay or prevent the approval of our product candidates. For example, the FDA may require us to conduct additional studies or trials for drug product either prior to or post-approval, such as additional drug-drug interaction studies or safety or efficacy studies or trials, or it may object to elements of our clinical development program such as the number of subjects in our current clinical trials from the United States. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or result in a decision not to approve an application for regulatory approval. Despite the time and expense exerted, failure can occur at any stage. Applications for our product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our, or our collaboration partners', clinical studies;
- the population studied in the clinical program may not be sufficiently broad or representative to assure safety in the full population for which approval is sought;
- the FDA or comparable foreign regulatory authorities may disagree with the interpretation of data from preclinical studies or clinical studies;
- the data collected from clinical studies of our product candidates may not be sufficient to support the submission of a NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- we or our collaboration partners may be unable to demonstrate to the FDA or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication is acceptable;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications, or facilities of third-party manufacturers responsible for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical studies, may result in our failure and/or that of our collaboration partners to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects. Additionally, if the FDA requires that we conduct additional clinical studies, places limitations in our label, delays approval to market our product candidates or limits the use of our products, our business and results of operations may be harmed.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge

for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Even if we receive regulatory approval for a product candidate, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, any product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Even if a drug is approved by the FDA or foreign regulatory authorities, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval. As such, we and our third party contract manufacturers will be subject to continual review and periodic inspections to assess compliance with regulatory requirements. Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control. Regulatory authorities may also impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly post-marketing studies. Furthermore, any new legislation addressing drug safety issues could result in delays or increased costs to assure compliance.

We will also be required to report certain adverse reactions and production problems, if any, to the FDA, and to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have FDA approval.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- warning letters, fines or holds on clinical trials;
- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- injunctions or the imposition of civil or criminal penalties;
- suspension or revocation of existing regulatory approvals;
- suspension of any of our ongoing clinical trials;
- refusal to approve pending applications or supplements to approved applications submitted by us;
- restrictions on our or our contract manufacturers' operations; or
- product seizure or detention, or refusal to permit the import or export of products.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize our product candidates. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

In addition, the FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to

changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

We and our collaboration partners and contract manufacturers are subject to significant regulation with respect to manufacturing our product candidates. The manufacturing facilities on which we rely may not continue to meet regulatory requirements or may not be able to meet supply demands.

All entities involved in the preparation of product candidates for clinical studies or commercial sale, including our existing contract manufacturers for our product candidates and AstraZeneca, and those contract manufacturers it may rely upon with respect to the manufacture of tenapanor, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing. We, our collaboration partners, or our contract manufacturers must supply all necessary documentation in support of an NDA or comparable regulatory filing on a timely basis and must adhere to cGMP regulations enforced by the FDA and other regulatory agencies through their facilities inspection programs. Some of our contract manufacturers have never produced a commercially approved pharmaceutical product and therefore have not obtained the requisite regulatory authority approvals to do so. The facilities and quality systems of some or all of our collaboration partners and third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of our product candidates. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being conducted. Although we oversee the contract manufacturers, we cannot control the manufacturing process of, and are completely dependent on, other than with respect to tenapanor, our contract manufacturing partners for compliance with the regulatory requirements. AstraZeneca is fully responsible for the manufacture of tenapanor, and we are entirely dependent upon AstraZeneca for compliance with the regulatory requirements. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the products may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel.

The regulatory authorities also may, at any time following approval of a product for sale, audit the manufacturing facilities of our collaboration partners and third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for us or a third party to implement, and that may include the temporary or permanent suspension of a clinical study or commercial sales or the temporary or permanent suspension of production or closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business.

If we, our collaboration partners, or any of our third-party manufacturers fail to maintain regulatory compliance, the FDA or other applicable regulatory authority can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product, withdrawal of an approval, or suspension of production. As a result, our business, financial condition, and results of operations may be materially harmed.

Additionally, if supply from one approved manufacturer is interrupted, an alternative manufacturer would need to be qualified through an NDA, a supplemental NDA or equivalent foreign regulatory filing, which could

result in further delay. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause us to incur higher costs and could cause the delay or termination of clinical studies, regulatory submissions, required approvals, or commercialization of our product candidates. Furthermore, if our suppliers fail to meet contractual requirements and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical studies may be delayed or we could lose potential revenue.

If we fail to comply or are found to have failed to comply with FDA and other regulations related to the promotion of our products for unapproved uses, we could be subject to criminal penalties, substantial fines or other sanctions and damage awards.

The regulations relating to the promotion of products for unapproved uses are complex and subject to substantial interpretation by the FDA and other government agencies. If tenapanor, or our other product candidates, receives marketing approval, we and our collaborating partners will be restricted from marketing the product outside of its approved labeling, also referred to as off-label promotion. However, physicians may nevertheless prescribe an approved product to their patients in a manner that is inconsistent with the approved label, which is an off-label use. We intend to implement compliance and training programs designed to ensure that our sales and marketing practices comply with applicable regulations regarding off-label promotion. Notwithstanding these programs, the FDA or other government agencies may allege or find that our practices constitute prohibited promotion of our product candidates for unapproved uses. We also cannot be sure that our employees will comply with company policies and applicable regulations regarding the promotion of products for unapproved uses.

Over the past several years, a significant number of pharmaceutical and biotechnology companies have been the target of inquiries and investigations by various federal and state regulatory, investigative, prosecutorial and administrative entities in connection with the promotion of products for unapproved uses and other sales practices, including the Department of Justice and various U.S. Attorneys' Offices, the Office of Inspector General of the Department of Health and Human Services, the FDA, the Federal Trade Commission and various state Attorneys General offices. These investigations have alleged violations of various federal and state laws and regulations, including claims asserting antitrust violations, violations of the Food, Drug and Cosmetic Act, the False Claims Act, the Prescription Drug Marketing Act, anti-kickback laws, and other alleged violations in connection with the promotion of products for unapproved uses, pricing and Medicare and/or Medicaid reimbursement. Many of these investigations originate as "qui tam" actions under the False Claims Act. Under the False Claims Act, any individual can bring a claim on behalf of the government alleging that a person or entity has presented a false claim, or caused a false claim to be submitted, to the government for payment. The person bringing a qui tam suit is entitled to a share of any recovery or settlement. Qui tam suits, also commonly referred to as "whistleblower suits," are often brought by current or former employees. In a qui tam suit, the government must decide whether to intervene and prosecute the case. If it declines, the individual may pursue the case alone.

If the FDA or any other governmental agency initiates an enforcement action against us or if we are the subject of a qui tam suit and it is determined that we violated prohibitions relating to the promotion of products for unapproved uses, we could be subject to substantial civil or criminal fines or damage awards and other sanctions such as consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations. Any such fines, awards or other sanctions would have an adverse effect on our revenue, business, financial prospects and reputation.

If approved, tenapanor and our other product candidates may cause or contribute to adverse medical events that we are required to report to regulatory agencies and if we fail to do so we could be subject to sanctions that would materially harm our business.

Some participants in clinical studies of tenapanor have reported adverse effects after being treated with tenapanor, including diarrhea, nausea, flatulence, abdominal discomfort, abdominal pain, and abdominal distention. If we are successful in commercializing any products, FDA and foreign regulatory agency regulations require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA or a foreign regulatory agency could take action, including criminal prosecution, the imposition of civil monetary penalties, seizure of our products or delay in approval or clearance of future products.

Our employees, independent contractors, principal investigators, CROs, collaboration partners, consultants and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, principal investigators, CROs, collaboration partners, consultants and vendors may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or unauthorized activities that violate: (1) FDA regulations, including those laws that require the reporting of true, complete and accurate information to the FDA; (2) manufacturing standards; (3) federal and state healthcare fraud and abuse laws and regulations; or (4) laws that require the reporting of true and accurate financial information and data. Specifically, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. These activities also include the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Failure to obtain regulatory approvals in foreign jurisdictions would prevent us from marketing our products internationally.

In order to market any product in the EEA (which is composed of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein), and many other foreign jurisdictions, separate regulatory approvals are required. In the EEA, medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. Before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

The approval procedures vary among countries and can involve additional clinical testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA. However, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not be able to file for regulatory approvals or to do so on a timely basis, and even if we do file we may not receive necessary approvals to commercialize our products in any market.

We and our collaboration partners may be subject to healthcare laws, regulation and enforcement; our failure or the failure of our collaboration partners to comply with these laws could have a material adverse effect on our results of operations and financial conditions.

Although we do not currently have any products on the market, once we begin commercializing our products, we and our collaboration partners may be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. The laws that may affect our ability to operate as a commercial organization include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information;
- the federal physician sunshine requirements under the Affordable Care Act, which requires manufacturers of drugs, devices, biologics, and medical supplies to report annually to the CMS information related to payments and other transfers of value to physicians, other healthcare providers, and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members;
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers;
- state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources;
- state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts; and
- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Further, the Affordable Care Act, among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to market our products and adversely impact our financial results.

Legislative or regulatory healthcare reforms in the United States may make it more difficult and costly for us to obtain regulatory clearance or approval of our product candidates and to produce, market and distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- additional clinical trials to be conducted prior to obtaining approval;
- changes to manufacturing methods;
- recall, replacement, or discontinuance of one or more of our products; and
- additional record keeping.

Each of these would likely entail substantial time and cost and could materially harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition and results of operations.

In addition, the full impact of recent healthcare reform and other changes in the healthcare industry and in healthcare spending is currently unknown, and may adversely affect our business model. In the United States, the Affordable Care Act was enacted in 2010 with a goal of reducing the cost of healthcare and substantially changing the way healthcare is financed by both government and private insurers. The Affordable Care Act, among other things, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs, and created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D.

In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 created measures for

spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This included aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, the ATRA was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals.

It is likely that federal and state legislatures within the United States and foreign governments will continue to consider changes to existing healthcare legislation. We cannot predict the reform initiatives that may be adopted in the future or whether initiatives that have been adopted will be repealed or modified. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare may adversely affect the demand for any drug products for which we may obtain regulatory approval, our ability to set a price that we believe is fair for our products, our ability to obtain coverage and reimbursement approval for a product, our ability to generate revenues and achieve or maintain profitability, and the level of taxes that we are required to pay.

Risks Related to Intellectual Property

We may become subject to claims alleging infringement of third parties' patents or proprietary rights and/or claims seeking to invalidate our patents, which would be costly, time consuming and, if successfully asserted against us, delay or prevent the development and commercialization of tenapanor or any other product candidates.

There have been many lawsuits and other proceedings asserting infringement or misappropriation of patents and other intellectual property rights in the pharmaceutical and biotechnology industries. We cannot assure you that the manufacture, use or sale of tenapanor or any other product candidates nor that any activities conducted by us, will not infringe existing or future third-party patents. Because patent applications can take many years to issue and may be confidential for 18 months or more after filing, and because pending patent claims can be revised before issuance, there may be applications now pending which may later result in issued patents that may be infringed by the manufacture, use or sale of tenapanor or other product candidates or by the operation of our business. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our own patent portfolio may thus have no deterrent effect. We may be unaware of one or more issued patents that would be infringed by the manufacture, sale or use of tenapanor or our other product candidates.

We may be subject to third-party patent infringement claims in the future against us or our collaboration partners that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages, including treble damages and attorney's fees if we are found to be willfully infringing a third party's patents. We may be required to indemnify future collaboration partners against such claims. We are not aware of any threatened or pending claims related to these matters, but in the future litigation may be necessary to defend against such claims. If a patent infringement suit were brought against us or our collaboration partners, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. As a result of patent infringement claims, or in order to avoid potential claims, we or our collaboration partners may choose to seek, or be required to seek, a license from the third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our collaboration partners were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or forced to redesign it, or to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we or our collaboration partners are unable to enter into licenses on acceptable terms. Even if we are successful in defending against such claims, such litigation can be expensive and time consuming to litigate and would divert management's attention from our core business. Any of these events could harm our business significantly.

In addition to infringement claims against us, if third parties prepare and file patent applications in the United States that also claim technology similar or identical to ours, we may have to participate in interference or derivation proceedings in the United States Patent and Trademark Office, or the USPTO, to determine which party is entitled to a patent on the disputed invention. We may also become involved in similar opposition proceedings in the European Patent Office or similar offices in other jurisdictions regarding our intellectual property rights with respect to our products and technology. Since patent applications are confidential for a period of time after filing, we cannot be certain that we were the first to file any patent application related to our product candidates.

If our intellectual property related to our product candidates is not adequate or if we are not able to protect our trade secrets or our confidential information, we may not be able to compete effectively in our market.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our product candidates, our drug discovery and development platform and our development programs. Any disclosure to or misappropriation by third parties of our confidential or proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market.

The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own or license may fail to result in issued patents in the United States or in foreign countries. Even if patents do successfully issue, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. For example, U.S. patents can be challenged by any person before the new USPTO Patent Trial and Appeals Board at any time before one year after that person is served an infringement complaint based on the patents. Patents granted by the European Patent Office may be similarly opposed by any person within nine months from the publication of the grant. Similar proceedings are available in other jurisdictions, and in the United States, Europe and other jurisdictions third parties can raise questions of validity with a patent office even before a patent has granted. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. For example, a third party may develop a competitive product that provides therapeutic benefits similar to one or more of our product candidates but has a sufficiently different composition to fall outside the scope of our patent protection. If the breadth or strength of protection provided by the patents and patent applications we hold or pursue with respect to our product candidates is successfully challenged, then our ability to commercialize such product candidates could be negatively affected, and we may face unexpected competition that could have a material adverse impact on our business. Further, if we encounter delays in our clinical trials, the period of time during which we or our collaboration partners could market tenapanor or other product candidates under patent protection would be reduced.

Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. If we or one of our collaboration partners were to initiate legal proceedings against a third party to enforce a patent covering the product candidate, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability against our intellectual property related to a product candidate, we would lose at least part, and perhaps all, of the patent protection on such product candidate. Such a loss of patent protection would have a material adverse impact on

our business. Moreover, our competitors could counterclaim that we infringe their intellectual property, and some of our competitors have substantially greater intellectual property portfolios than we do.

We also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that may not be patentable, processes for which patents may be difficult to obtain and/or enforce and any other elements of our drug discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Although we require all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology, to assign their inventions to us, and endeavor to execute confidentiality agreements with all such parties, we cannot be certain that we have executed such agreements with all parties who may have helped to develop our intellectual property or who had access to our proprietary information, nor can we be certain that our agreements will not be breached by such consultants, advisors or third parties, or by our former employees. The breach of such agreements by individuals or entities who are actively involved in the discovery and design of our potential drug candidates, or in the development of our discovery and design platform, including APECCS, could require us to pursue legal action to protect our trade secrets and confidential information, which would be expensive, and the outcome of which would be unpredictable. If we are not successful in prohibiting the continued breach of such agreements, our business could be negatively impacted. We cannot guarantee that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques.

Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the intellectual property related to our technologies to third parties, we will not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

If we or our collaboration partners do not obtain patent term extension in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation, thereby potentially extending the term of marketing exclusivity for our product candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, if any, one of the U.S. patents covering each of such approved product(s) or the use thereof may be eligible for up to five years of patent term restoration under the Hatch-Waxman Act. The Hatch-Waxman Act allows a maximum of one patent to be extended per FDA approved product. Patent term extension also may be available in certain foreign countries upon regulatory approval of our product candidates. Nevertheless, we or our collaboration partners may not be granted patent term extension either in the United States or in any foreign country because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the term of extension, as well as the scope of patent protection during any such extension, afforded by the governmental authority could be less than we request.

If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we or our collaboration partners request, the period during which we or our collaboration partners will have the right to exclusively market our product will be shortened and our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both

technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. In addition, the United States has recently enacted and is currently implementing wide-ranging patent reform legislation, including the Leahy-Smith America Invents Act signed into law on September 16, 2011. That Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and new venues and opportunities for competitors to challenge patent portfolios. Because of that Act, the U.S. patent system is now a "first to file" system, which may make it more difficult to obtain patent protection for inventions and increase the uncertainties and costs surrounding the prosecution of our or our collaboration partners' patent applications and the enforcement or defense of our or our collaboration partners' issued patents, all of which could materially adversely affect our business, results of operations and financial condition.

The United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions to maintain patent applications and issued patents. Noncompliance with these requirements can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

We may not be able to enforce our intellectual property rights throughout the world.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to life sciences. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain and enforce adequate intellectual property protection for our technology.

We may be subject to claims that we or our employees have misappropriated the intellectual property, including know-how or trade secrets, of a third party, or claiming ownership of what we regard as our own intellectual property.

Many of our employees, consultants and contractors were previously employed at or engaged by other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these

employees, consultants and contractors, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and contractors do not use the intellectual property and other proprietary information or know-how or trade secrets of others in their work for us, and do not perform work for us that is in conflict with their obligations to another employer or any other entity, we may be subject to claims that we or these employees, consultants and contractors have used or disclosed such intellectual property, including know-how, trade secrets or other proprietary information. In addition, an employee, advisor or consultant who performs work for us may have obligations to a third party that are in conflict with their obligations to us, and as a result such third party may claim an ownership interest in the intellectual property arising out of work performed for us. We are not aware of any threatened or pending claims related to these matters, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, or access to consultants and contractors. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

Risks Related to Our Common Stock and This Offering

Our stock price may be volatile and you may not be able to resell shares of our common stock at or above the price you paid.

The trading price of our common stock following this offering could be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed in this "Risk Factors" section of this prospectus and others such as:

- results from, or any delays in, clinical trial programs relating to our product candidates, including the ongoing and planned clinical trials for tenapanor;
- ability to commercialize or obtain regulatory approval for our product candidates, or delays in commercializing or obtaining regulatory approval;
- announcements of regulatory approval or a complete response letter to tenapanor, or specific label indications or patient populations for its use, or changes or delays in the regulatory review process;
- announcements relating to future collaboration partnerships or our existing collaboration partnerships with AstraZeneca and/or Sanofi, including decisions regarding the exercise by AstraZeneca or Sanofi of their options or any termination by them of any development program under their collaboration partnerships with us;
- our election, and the related announcement, to exercise our co-fund right with respect to the first Phase 3 clinical development program for tenapanor;
- announcements of therapeutic innovations or new products by us or our competitors;
- adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;
- changes or developments in laws or regulations applicable to our product candidates;
- any adverse changes to our relationship with any manufacturers or suppliers;

- the success of our testing and clinical trials;
- the success of our efforts to acquire or license or discover additional product candidates;
- any intellectual property infringement actions in which we may become involved;
- announcements concerning our competitors or the pharmaceutical industry in general;
- achievement of expected product sales and profitability;
- manufacture, supply or distribution shortages;
- actual or anticipated fluctuations in our operating results;
- FDA or other U.S. or foreign regulatory actions affecting us or our industry or other healthcare reform measures in the United States;
- changes in financial estimates or recommendations by securities analysts;
- trading volume of our common stock;
- sales of our common stock by us, our executive officers and directors or our stockholders in the future;
- general economic and market conditions and overall fluctuations in the United States equity markets; and
- the loss of any of our key scientific or management personnel.

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that may have been unrelated to the operating performance of the issuer. These broad market fluctuations may adversely affect the trading price or liquidity of our common stock. In the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the issuer. If any of our stockholders were to bring such a lawsuit against us, we could incur substantial costs defending the lawsuit and the attention of our management would be diverted from the operation of our business, which could seriously harm our financial position. Any adverse determination in litigation could also subject us to significant liabilities.

We have broad discretion to determine how to use the funds raised in this offering, and may use them in ways that may not enhance our operating results or the price of our common stock.

Our management will have broad discretion over the use of proceeds from this offering, and we could spend the proceeds from this offering in ways our stockholders may not agree with or that do not yield a favorable return, if at all. We currently intend to use substantially all of the net proceeds of this offering to fund continued discovery and development efforts for our preclinical product candidates, the exercise of our right to co-fund the first Phase 3 clinical development program for tenapanor, if we decide to exercise such right, expenses related to the development of APECCS, and the balance for working capital and general corporate purposes, which will include facilities expansion and the pursuit of other research and discovery efforts and could also include the acquisition or in-license of other products, product candidates or technologies. However, our use of these proceeds may differ substantially from our current plans. If we do not invest or apply the proceeds of this offering in ways that improve our operating results, we may fail to achieve expected financial results, which could cause our stock price to decline.

An active, liquid and orderly market for our common stock may not develop, and you may not be able to resell your common stock at or above the public offering price.

Prior to this offering, there has been no public market for shares of our common stock, and an active public market for our shares may not develop or be sustained after this offering. We and the representatives of the underwriters will determine the initial public offering price of our common stock through negotiation. This price

will not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, an active trading market may not develop following the consummation of this offering or, if it is developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses or technologies or in-license new product candidates using our shares as consideration.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our clinical trials and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We are an "emerging growth company" and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our common stock may be less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of the completion of this offering (December 31, 2019), (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion, or (3) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our common stock before giving effect to this offering. Accordingly, if you purchase our common stock in this offering, you will incur immediate substantial dilution of approximately $ per share, based on the expected initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), and our pro forma net tangible book value as of March 31, 2014. In addition, following this offering, purchasers in this offering will have contributed approximately % of the total gross consideration paid by stockholders to us to purchase shares of our common stock, but will own only approximately % of the shares of common stock outstanding immediately after this offering. Furthermore, if

the underwriters exercise their option to purchase additional shares, or outstanding options or convertible securities are exercised, you could experience further dilution. For a further description of the dilution that you will experience immediately after this offering, see the section titled "Dilution."

If we sell shares of our common stock in future financings, stockholders may experience immediate dilution and, as a result, our stock price may decline.

We may from time to time issue additional shares of common stock at a discount from the current trading price of our common stock. As a result, our stockholders would experience immediate dilution upon the purchase of any shares of our common stock sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preferred stock or common stock. If we issue common stock or securities convertible into common stock, our common stockholders would experience additional dilution and, as a result, our stock price may decline.

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline. Based upon the number of shares outstanding as of March 31, 2014, upon the closing of this offering, we will have outstanding a total of shares of common stock, assuming no exercise of the underwriters' option to purchase additional shares. Of these shares, approximately shares of our common stock, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable, without restriction, in the public market immediately following this offering. Citigroup and Leerink, however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

The lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. After the lock-up agreements expire, as of March 31, 2014, up to an additional shares of common stock will be eligible for sale in the public market, of which shares are held by current directors, executive officers and other affiliates and may be subject to Rule 144 under the Securities Act of 1933, or the Securities Act.

In addition, as of March 31, 2014, 10.1 million shares of common stock that are subject to outstanding options, will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

After this offering, the holders of approximately 111.6 million shares of our outstanding common stock as of March 31, 2014, will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to vesting schedules and to the lock-up agreements described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of March 31, 2014, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates beneficially owned approximately 97.7% of our outstanding voting stock and, upon the

closing of this offering, that same group will hold approximately % of our outstanding voting stock (assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options). Therefore, even after this offering these stockholders will have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect immediately prior to the consummation of this offering will contain provisions that could significantly reduce the value of our shares to a potential acquirer or delay or prevent changes in control or changes in our management without the consent of our board of directors. The provisions in our charter documents will include the following:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the required approval of at least 66 2/3% of the shares entitled to vote to remove a director for cause, and the prohibition on removal of directors without cause;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the ability of our board of directors to alter our bylaws without obtaining stockholder approval;
- the required approval of at least 66 2/3% of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, the president or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

In addition, these provisions would apply even if we were to receive an offer that some stockholders may consider beneficial.

We are also subject to the anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law. Under Section 203, a corporation may not, in general, engage in a business combination with

any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction. For a description of our capital stock, see "Description of Capital Stock."

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws to be effective immediately prior to the completion of this offering and our indemnification agreements that we have entered into with our directors and officers provide that:

- We will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- We may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- We are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- We will not be obligated pursuant to our amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our board of directors or brought to enforce a right to indemnification.
- The rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- We may not retroactively amend our amended and restated bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

We do not currently intend to pay dividends on our common stock, and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not currently intend to pay any cash dividends on our common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Additionally, the terms of our loan and security agreements restrict our ability to pay dividends. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future. Since we do not intend to pay dividends, your ability to receive a return on your investment will depend on any future appreciation in the market value of our common stock. There is no guarantee that our common stock will appreciate or even maintain the price at which our holders have purchased it.

Special Note Regarding Forward-Looking Statements

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would," and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the timing of data from ongoing Phase 2a and 2b trials of tenapanor and the timing of commencement of the Phase 3 development program of tenapanor;
- our receipt of future milestone payments from our collaboration partners, and the expected timing of such payments;
- our expectations regarding the potential market size and the size of the patient populations for our product candidates, if approved for commercial use;
- our development plans with respect to our NaP2b inhibitor program, as well as our RDX009, RDX013 and RDX020 programs;
- the likelihood and our expectations that we elect to exercise our co-promotion rights with respect to tenapanor or an NaP2b inhibitor product, or exercise our co-fund rights with respect to the first Phase 3 clinical development program for tenapanor;
- the likelihood and potential for Sanofi to exercise its option to exclusively license our NaP2b inhibitor program;
- our ability to maintain existing and our intention to establish new collaboration partnerships;
- our ability to develop, acquire and advance product candidates into, and successfully complete, clinical trials;
- the timing or likelihood of regulatory filings and approvals for our product candidates;
- the commercialization of our product candidates, including tenapanor and our NaP2b inhibitors;
- our commercialization, marketing and manufacturing capabilities;
- the implementation of our business model and strategic plans for our business, product candidates and technology;
- the scope of protection we are able to establish and maintain for intellectual property rights covering tenapanor and our NaP2b inhibitors;
- estimates of our expenses, future revenue, capital requirements, our needs for additional financing and our ability to obtain additional capital;
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act;
- our use of proceeds from this offering;
- our financial performance; and
- developments and projections relating to our competitors and our industry.

These forward-looking statements are based on management's current expectations, estimates, forecasts, and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this prospectus. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See "Where You Can Find More Information."

Market, Industry and Other Data

This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our product candidates, including data regarding the estimated patient population in those markets, their projected growth rates, the perceptions and preferences of patients and physicians regarding certain therapies for the treatment of ESRD patients with hyperphosphatemia, patients with CKD and patients with IBS-C and other disease indications that we are pursuing or may pursue, as well as data regarding market research, estimates and forecasts prepared by our management. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

Use of Proceeds

We estimate that the net proceeds from the sale of shares of common stock in this offering will be approximately $ million at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in full, we estimate that net proceeds will be approximately $ million after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $ million, assuming the assumed initial public offering price stays the same. We do not expect that a change in the offering price or the number of shares by these amounts would have a material effect on our intended uses of the net proceeds from this offering, although it may impact the amount of time prior to which we may need to seek additional capital.

We currently expect to use our net proceeds from this offering as follows:

- approximately $15.0 million to $20.0 million to fund continued discovery and development efforts for our preclinical product candidates;
- if we exercise our right to co-fund the first Phase 3 clinical development program for tenapanor, we may invest a portion of the net proceeds of this offering, alone or together with cash on hand, in an amount of $20.0 million, $30.0 million or $40.0 million to acquire an increase of 1%, 2% or 3%, respectively, in the royalties payable to us by AstraZeneca on net sales of tenapanor;
- approximately $5.0 million to $10.0 million to advance and expand the development of APECCS, which amount is expected to fund our planned development activities for at least two years; and
- the remainder for working capital and other corporate purposes, which will include facilities expansion and the pursuit of other research and discovery efforts and could include the acquisition or in-license of other products, product candidates or technologies.

However, due to the uncertainties inherent in the clinical development and regulatory approval process, it is difficult to estimate with certainty the exact amounts of the net proceeds from this offering that may be used for the above purposes. As such, our management will retain discretion over the use of the net proceeds from this offering. The amounts and timing of our expenditures will depend upon numerous factors, including, among others:

- the timing of the results of our ongoing Phase 2a and 2b clinical trials for tenapanor;
- the receipt, if any, of milestone payments from one or more of our collaboration partners;
- whether we exercise our right to co-fund the Phase 3 clinical development program for tenapanor and at what financial level;
- whether we exercise our right to co-promote tenapanor and/or a NaP2b inhibitor under our agreements with our collaboration partners;
- the size, scope and timing of any nonclinical or clinical trials that we may decide to pursue; and
- the number and scope of any discovery programs and research and development activities that we may undertake.

Pending the use of the proceeds from this offering, we intend to invest the net proceeds in interest-bearing, investment-grade securities, certificates of deposit or government securities.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors.

Capitalization

The following table sets forth our capitalization as of March 31, 2014:

- on an actual basis;
- on a pro forma basis to give effect to:
  - the conversion of all outstanding shares of our convertible preferred stock pursuant to a stockholder vote under our amended and restated certificate of incorporation into an aggregate of 103,655,115 shares of common stock immediately prior to the consummation of this offering;
  - the net exercise, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, of all of our Series B warrants into shares of our common stock at an exercise price of $0.01 per share, and the related reclassification of our convertible preferred stock warrant liability to additional paid-in capital; and
  - the filing and effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the consummation of this offering; and
- on a pro forma as adjusted basis to give further effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range shown on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information together with our audited financial statements and related notes appearing elsewhere in this prospectus and the information set forth under the headings "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of March 31, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
		(unaudited)	
		(in thousands, except per share data)	
Cash and cash equivalents	$ 33,221	$ 33,221	$
Convertible preferred stock warrant liability	9,059	—	—
Convertible preferred stock, $0.0001 par value per share, 108,829,748 shares authorized; 103,655,115 shares issued and outstanding, actual, actual; no shares issued and outstanding, pro forma and pro forma as adjusted	56,155	—	—
Stockholders' (deficit) equity:			
Preferred stock, par value of $0.0001 per share, no shares authorized, issued or outstanding, actual; 5,000,000 shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.0001 par value per share, 130,360,121 shares authorized; 11,450,727 shares issued and outstanding, actual; 300,000,000 shares authorized, shares issued and outstanding, pro forma and shares issued and outstanding, pro forma as adjusted	1	11	
Additional paid-in capital	5,265	70,469	
Accumulated deficit	(71,724)	(71,724)	
Total stockholders' (deficit) equity	(66,458)	(1,244)	
Total capitalization	$ (1,244)	$ (1,244)	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase or decrease, respectively, the amount of cash and cash equivalents, additional paid-in capital, total stockholder's equity and total capitalization by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and commissions, and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, working capital, total assets and stockholders' equity by approximately $ million, assuming the assumed initial public offering price per share, as set forth on the cover page of this prospectus, remains the same. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share information in the table above excludes the following:

- 10,079,408 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2014 having a weighted-average exercise price of $0.12 per share (which includes 2,154,804 shares of early exercised stock options subject to a repurchase right as of March 31, 2014);
- 238 shares of common stock reserved for issuance pursuant to future awards under our 2008 Stock Incentive Plan, as amended, as of March 31, 2014, which will become available for issuance under our 2014 Equity Incentive Award Plan after consummation of this offering;

- shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and
- shares of common stock reserved for future issuance under our Employee Stock Purchase Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan.

Dilution

If you invest in our common stock in this offering, your interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock in this offering and the net tangible book value per share of our common stock after this offering. As of March 31, 2014, we had a historical net tangible book value of $(67.0) million, or $(5.85) per share of common stock. Our net tangible book value represents total tangible assets less total liabilities and convertible preferred stock, all divided by the number of shares of common stock outstanding on March 31, 2014. Our pro forma net tangible book value at March 31, 2014, before giving effect to this offering, was $ million, or $ per share of our common stock. Pro forma net tangible book value, before the issuance and sale of shares in this offering, gives effect to:

- the conversion of all outstanding shares of our convertible preferred stock pursuant to a stockholder vote under our amended and restated certificate of incorporation into an aggregate of 103,655,115 shares of common stock immediately prior to the consummation of this offering;
- the net exercise, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, of all of our Series B warrants into shares of our common stock at an exercise price of $0.01 per share, and the related reclassification of our convertible preferred stock warrant liability to additional paid-in capital; and
- the filing and effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the consummation of this offering.

After giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value at March 31, 2014 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share		
Historical net tangible book value per share as of March 31, 2014	$	
Pro forma increase in net tangible book value per share		
Pro forma net tangible book value per share as of March 31, 2014		
Increase in pro forma net tangible book value per share attributable to new investors		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors participating in this offering		

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value as of March 31, 2014 after this offering by approximately $ million, or approximately $ per share, and would decrease (increase) dilution to investors in this offering by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) our pro forma as adjusted net tangible book value as of March 31, 2014 after this offering by approximately $ million, or approximately $ per share, and would decrease (increase) dilution to investors in this offering by approximately $ per share, assuming the assumed initial public offering price per share remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering

expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters fully exercise their option to purchase additional shares, pro forma as adjusted net tangible book value after this offering would increase to approximately $ per share, and there would be an immediate dilution of approximately $ per share to new investors.

To the extent that outstanding options with an exercise price per share that is less than the pro forma as adjusted net tangible book value per share, before giving effect to the issuance and sale of shares in this offering, are exercised, new investors will experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

The following table shows, as of March 31, 2014, on a pro forma as adjusted basis, after giving effect to the pro forma adjustments described above, the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid per share by existing stockholders and by new investors purchasing common stock in this offering at an assumed initial public offering price of $ per share, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us (in thousands, except share and per share amounts and percentages):

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders					
Investors participating in this offering			$		$
Total		100%	$	100%	$

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of March 31, 2014 and excludes the following:

- 10,079,408 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2014 having a weighted-average exercise price of $0.12 per share (which includes 2,154,804 shares of early exercised stock options subject to a repurchase right as of March 31, 2014);
- 238 shares of common stock reserved for issuance pursuant to future awards under our 2008 Stock Incentive Plan, as amended, as of March 31, 2014, which will become available for issuance under our 2014 Equity Incentive Award Plan after consummation of this offering;
- shares of common stock reserved for issuance pursuant to future awards under our 2014 Equity Incentive Award Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan, which will become effective immediately prior to the consummation of this offering; and
- shares of common stock reserved for future issuance under our Employee Stock Purchase Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under this plan.

Selected Financial Data

The selected statements of operations data for the years ended December 31, 2012 and 2013 and the selected balance sheet data as of December 31, 2012 and 2013 are derived from our audited financial statements included elsewhere in this prospectus. The selected statements of operations data for the three months ended March 31, 2013 and 2014 and the selected balance sheet data as of March 31, 2014 are derived from our unaudited financial statements included elsewhere in this prospectus. The unaudited interim financial information has been prepared on the same basis as the annual financial information and, in the opinion of management, reflects all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements.

Our historical results are not necessarily indicative of the results to be expected in the future, and our interim unaudited results are not necessarily indicative of the results to be expected for the full year. You should read the following selected financial data together with the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands, except per share data)			
			(unaudited)	
Statements of Operations Data:				
Revenue:				
Licensing revenue	$ 3,182	$ 8,063	$ 1,989	$ 3,236
Collaborative development revenue	2,228	20,865	4,567	5,314
Total revenue	5,410	28,928	6,556	8,550
Operating expenses:				
Research and development[1]	10,184	28,093	5,939	7,637
General and administrative[1]	4,031	3,700	1,027	1,377
Total operating expenses	14,215	31,793	6,966	9,014
Loss from operations	(8,805)	(2,865)	(410)	(464)
Other expense, net	(30)	(52)	(25)	(4)
Change in fair value of preferred stock warrant liability	(950)	(3,506)	—	(2,603)
Loss before provision for income taxes	(9,785)	(6,423)	(435)	(3,071)
Provision for income taxes	—	(141)	(35)	—
Net loss	$ (9,785)	$ (6,564)	$ (470)	$ (3,071)
Net loss per common share, basic and diluted[2]	$ (1.26)	$ (0.65)	$ (0.05)	$ (0.27)
Shares used to compute net loss per common share, basic and diluted[2]	7,776,345	10,152,207	9,384,732	11,306,379
Pro forma net loss per common share, basic and diluted (unaudited)[2]		$		$
Shares used to compute pro forma net loss per common share, basic and diluted (unaudited)[2]				

(1) Included in the statement of operations data above are the following stock-based compensation expenses (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
			(unaudited)	
Research and development	$ 221	$ 200	$ 48	$ 37
General and administrative	252	152	59	27
Total stock-based compensation	$ 473	$ 352	$ 107	$ 64

(2) See Notes 2 and 12 to our audited financial statements and Note 5 to our unaudited financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per common share, pro forma net loss per common share, and the weighted-average number of shares used in the computation of the per share amounts.

	As of December 31,		As of March 31,
	2012	2013	2014
		(in thousands)	(unaudited)
Balance Sheet Data:			
Cash and cash equivalents	$ 32,903	$ 34,435	$ 33,221
Working capital	20,069	24,697	20,347
Total assets	37,884	42,904	40,548
Convertible preferred stock warrant liability	2,950	6,456	9,059
Convertible preferred stock	56,155	56,155	56,155
Accumulated deficit	(62,089)	(68,653)	(71,724)
Total stockholders' deficit	(57,392)	(63,479)	(66,458)

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the section entitled "Selected Financial Data" and our financial statements and related notes included elsewhere in this prospectus. This discussion and other parts of this prospectus contain forward-looking statements that involve risks and uncertainties, such as our plans, objectives, expectations, intentions and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included elsewhere in this prospectus.

Overview

We are a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the gastrointestinal, or GI, tract to treat cardio-renal, GI and metabolic diseases. We have developed a proprietary drug discovery and design platform enabling us, in a rapid and cost-efficient manner, to discover and design novel drug candidates. Utilizing our platform, we discovered and designed our lead product candidate, tenapanor, which in preclinical and clinical studies has consistently demonstrated the ability to reduce the absorption of dietary sodium and phosphorus, both of which are key factors in the progression of kidney disease. To enhance our proprietary drug discovery and design platform, we have developed a cell-culture system to simulate gut tissues called the Ardelyx Primary Enterocyte and Colonocyte Culture System, or APECCS. We have also identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets. In addition to tenapanor, we are evaluating small molecule NaP2b inhibitors for the treatment of hyperphosphatemia in end stage renal disease, or ESRD, a program we have licensed to Sanofi S.A., or Sanofi. We are also independently advancing three other discovery and lead development programs focused in cardio-renal, GI and metabolic diseases.

In October 2012, we entered into a collaboration partnership with AstraZeneca AB, or AstraZeneca, for the worldwide development and commercialization of tenapanor. AstraZeneca is responsible for all of the development and commercialization costs for tenapanor, and we have retained an option to co-promote in the United States. Together with AstraZeneca, we are evaluating tenapanor in three Phase 2 clinical trials in patients with ESRD, late-stage CKD, and constipation-predominant irritable bowel syndrome, or IBS-C. If we exercise our right to co-fund the first Phase 3 clinical development program for tenapanor, we may invest $20.0 million, $30.0 million or $40.0 million to acquire an increase of 1%, 2% or 3%, respectively, in the royalties payable to us by AstraZeneca on net sales of tenapanor. In December 2013, we entered into an amendment to the license agreement to acknowledge the intention of AstraZeneca to commence development of tenapanor for the treatment of hyperphosphatemia in ESRD patients and to provide additional clarification for certain payments. There was no change in the total consideration that we could receive under the agreement.

Through our participation with AstraZeneca on a development collaboration committee, we are involved in the management and oversight of the development of tenapanor and participation will continue until all of Phase 2 clinical trials with tenapanor have been completed. In addition, we are directly responsible for the conduct of certain specified clinical trials being conducted with tenapanor. AstraZeneca reimburses us for our internal and external costs related to those development efforts, and any other development efforts that may be assigned to us by the development collaboration committee. We are initially responsible for supplying tenapanor for use in development. The agreement also obligates us to transfer the technology and other necessary information such that AstraZeneca will be able to assume the responsibility for the supply of the drug product for use in later-stage clinical trials.

Under the terms of the agreement with AstraZeneca, we received a $35.0 million upfront payment and we are eligible to receive up to $237.5 million in development milestones, of which we have received $40.0 million.

The $40.0 million in development milestones consists of a payment of $15.0 million and a payment of $25.0 million that we received in May 2014 as a result of the dosing of the first patient in the Phase 2b ESRD clinical trial in hyperphosphatemia in April 2014. In addition to the $237.5 million in total development milestones, we are also eligible to receive up to $597.5 million in sales and launch milestones. Through March 31, 2014, we also received $24.5 million in reimbursement for our development efforts provided under the agreement. We are also eligible to receive incremental tiered royalties based on aggregate annual net sales of each licensed product starting in the high single digits and increasing to high teen percentages as annual net sales increase, subject to an increase related to our co-fund election, if we decide to make such an election.

We have identified the deliverables within the arrangement as a license to the technology, the initial supply of the compound of the licensed product for use in development, and ongoing development activities through completion of all Phase 2 clinical trials to be conducted with tenapanor, which are accounted for as a single unit of accounting. We have concluded that the license is not a separate unit of accounting. It does not have stand-alone value to AstraZeneca, separable from the development services to be performed pursuant to the agreement, as AstraZeneca is unable to use the license for its intended purpose without our performance of the development services, which includes the initial supply of the compound of the licensed product. As a result, we recognize revenue from the $35.0 million up-front payment on a straight-line basis over the period from the effective date of the agreement through the completion of all Phase 2 clinical trials to be conducted with tenapanor, which we currently estimate to be December 2016, and we recognize revenue from the $15.0 million development milestone payment on a straight-line basis over the period from the amendment date through the same estimated completion date of all Phase 2 clinical trials. We will recognize revenue from the $25.0 million development milestone payment on a straight-line basis through the same estimated completion date of all Phase 2 clinical trials.

In 2014, we entered into an option and license agreement with Sanofi under which we granted Sanofi an exclusive worldwide license to conduct research utilizing our small molecule NaP2b inhibitors. In addition, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors. Sanofi is advancing this program towards first-in-human clinical trials. Under our arrangement, Sanofi is responsible for all of the costs and expenses for research and preclinical activities and, should it exercise its option, for the development and commercialization efforts under the program. Under the license option and license agreement, we received an upfront payment of $1.25 million and are responsible for up to $175,000 of patent costs, at which point any additional patent costs will be fully reimbursed to us by Sanofi. We have the potential to earn future development, regulatory and commercial milestone payments of up to $196.75 million if Sanofi continues to advance the program into development and through commercialization. If a NaP2b inhibitor is commercialized by Sanofi as a result of this program, we will receive tiered royalties ranging from the mid-single digits into the low double digits. As part of our agreement with Sanofi, we retain an option to co-promote licensed products in the United States. The upfront payment was recognized as deferred revenue as we have not provided all deliverables as of March 31, 2014.

Our revenue to date has been generated from collaboration and license revenue pursuant to our license agreements with AstraZeneca, and Sanofi. We have not generated any commercial product revenue. As of March 31, 2014, we had accumulated deficit of $71.7 million. We have incurred significant losses in the past and may continue to incur significant losses in the future as we advance our unpartnered preclinical programs. The significance of future losses will be dependent in part on whether AstraZeneca continues to develop and advance tenapanor, and whether Sanofi exercises its option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors, which in either case would result in milestone payments to us. There can be no assurance that we will receive additional collaboration revenue in the future.

Financial Operations Overview

Revenue

Our revenue to date has been generated from non-refundable license payments and reimbursements for research and development expenses under our license agreements. We recognize revenue from upfront payments

ratably over the term of our estimated period of performance under the agreement which we consider to be licensing revenue. In addition to receiving upfront payments, we may also be entitled to milestone and other contingent payments upon achieving predefined objectives. Such payments are recorded as revenue when we achieve the underlying milestone if it is deemed to be a substantive milestone at the date the arrangement is entered into. To the extent that non-substantive milestones are achieved and we have remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. Reimbursements from AstraZeneca for development costs incurred under our license and collaboration agreement with them are classified as collaborative development revenue.

We expect that any revenue we generate will fluctuate from year to year as a result of the timing and amount of milestones and other payments from our collaboration partnerships with AstraZeneca, Sanofi, and any future collaboration partners, and as a result of the fluctuations in the research and development expenses we incur in the performance of assigned activities under our license agreement with AstraZeneca.

Research and Development Expenses

Research and development expenses represent costs incurred to conduct research, such as the discovery and development of our unpartnered product candidates, as well as the development of product candidates pursuant to our license agreement with AstraZeneca. We recognize all research and development costs as they are incurred.

Research and development expenses consist of the following:

- external research and development expenses incurred under agreements with consultants, third-party contract research organizations, or CROs, and investigative sites where a substantial portion of our clinical studies are conducted, and with contract manufacturing organizations, or CMOs, where our clinical supplies are produced;
- employee-related expenses, which include salaries, benefits and stock-based compensation; and
- facilities and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, depreciation and amortization expense and other supplies.

Prior to the execution of our license agreement with AstraZeneca in October 2012, we incurred $18.0 million in research and development expenses related to tenapanor. Following the execution of the license agreement and through March 31, 2014, we incurred $27.5 million in research and development expenses related to tenapanor, all of which are reimbursed by AstraZeneca under the license agreement. The reimbursements are recognized in collaborative development revenue in the Statement of Operations and Comprehensive Loss.

The following table summarizes our research and development expenses during the years ended December 31, 2012 and 2013 and the three months ended March 31, 2013 and 2014.

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands)			
			(unaudited)	
Discovery research expense	$ 6,311	$ 7,746	$ 1,727	$ 2,360
Clinical development expense—tenapanor	1,961	—	—	—
Total non-collaboration expense	8,272	7,746	1,727	2,360
AstraZeneca collaboration development expense	1,912	20,347	4,212	5,277
Total research and development expenses	$10,184	$28,093	$ 5,939	$ 7,637

We expect our unpartnered research and development expenses will increase in the future as we progress our internal product candidates, advance our discovery research projects into the preclinical stage and continue our early stage research. The process of conducting preclinical studies and clinical trials necessary to obtain

regulatory approval is costly and time consuming. We or our collaboration partners may never succeed in achieving marketing approval for any of our product candidates. The probability of success of each of the product candidates may be affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability.

Most of our product development programs are at an early stage; therefore, the successful development of our product candidates is highly uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each product candidate and are difficult to predict. Given the uncertainty associated with clinical trial enrollment and the risks inherent in the development process, we are unable to determine the duration and completion costs of current or future clinical trials of our product candidates or if and to what extent we will generate revenues from the commercialization and sale of any of our product candidates. We anticipate that we and our collaboration partners will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment as to each product candidate's commercial potential. We will need to raise additional capital or may seek additional collaboration partnerships in the future in order to complete the development and commercialization of our product candidates.

General and Administrative Expenses

General and administrative expenses consist of personnel costs, travel expenses and other expenses for outside professional services, including legal, human resources, audit and accounting services. Personnel costs consist of salaries, bonus, benefits and stock-based compensation. We expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission, and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administration and professional services.

Change in Fair Value of Convertible Preferred Stock Warrant Liability

Change in fair value of convertible preferred stock warrant liability is the fair value remeasurement of our liability related to our convertible preferred stock warrants. We will continue to record adjustments to the estimated fair value of the convertible preferred stock warrants until they are exercised or expire. In connection with our initial public offering, our outstanding warrants will automatically net exercise and the convertible preferred stock warrant liability will be reclassified to additional paid-in capital.

Provision for Income Taxes

Provision for income taxes for the 2013 periods consists of California state income taxes as we were required to pay the Alternative Minimum Tax for the $35.0 million upfront payment received from AstraZeneca in 2012.

Critical Accounting Polices and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the

accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

Revenue from research activities made under collaboration partnership agreements are recognized as the services are provided and when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. Revenue generated from research and license agreements typically includes up-front signing or license fees, cost reimbursements, research services, minimum sublicense fees, milestone payments, and royalties on future licensees' product sales.

For revenue agreements with multiple-element arrangements, such as license and development agreements, we allocate revenue to each non-contingent element based on the relative selling price of each element. When applying the relative selling price method, we determine the selling price for each deliverable using vendor-specific objective evidence or third-party evidence. If neither exists, we use the best estimate of selling price for that deliverable. Revenue allocated is then recognized when the four basic revenue recognition criteria are met for each element. Our obligations under the agreements may include the transfer of intellectual property rights in the form of licenses, obligations to provide research and development services and obligations to participate on certain development committees with the collaboration partner. We make judgments that affect the period over which we recognize revenue. On a quarterly basis, we review our estimated period of performance for our license revenue based on the progress under the arrangement and account for the impact of any changes in estimated periods of performance on a prospective basis.

We recognize cost reimbursement revenue under collaboration partnership agreements as the related research and development costs for services are rendered. Deferred revenue represents the portion of research or license payments received that have not been earned.

A milestone is considered substantive when the consideration earned from the achievement of the milestone (i) is commensurate with either our performance to achieve the milestone or the enhancement of value of the item delivered as a result of a specific outcome resulting from our performance to achieve the milestone, (ii) relates solely to past performance and (iii) is reasonable relative to all deliverables and payment terms in the arrangement. Such payments that are contingent upon the achievement of a substantive milestone are recognized entirely as revenue in the period in which the milestone is achieved. To the extent that non-substantive milestones are achieved and we have remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. If there were no remaining performance obligations, we recognize the revenue in the period it is earned.

Stock-Based Compensation

We recognize compensation costs related to stock options granted to employees based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. We estimate the grant date fair value, and the resulting stock-based compensation expense, using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Stock-based compensation expense was $473,000, $352,000, $107,000 and $64,000 for the years ended December 31, 2012 and 2013 and the three months ended March 31, 2013 and 2014, respectively.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions which determine the fair value of stock-based awards. These assumptions include:

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. We used the simplified method to determine the expected term, which is calculated as the average of the time-to-vesting and the contractual life of the options.

Expected Volatility—Since we are privately held and do not have any trading history for our common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biopharmaceutical companies over a period equal to the expected term of the stock option grants. When selecting comparable publicly traded biopharmaceutical companies on which we based our expected stock price volatility, we selected companies with comparable characteristics to us, including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. The historical volatility data was computed using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of the stock-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

Expected Dividend—We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

In addition to the Black-Scholes assumptions, we estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior, and other factors. The impact from any forfeiture rate adjustment would be recognized in full in the period of adjustment and if the actual number of future forfeitures differs from our estimates, we might be required to record adjustments to stock-based compensation in future periods.

Historically, for all periods prior to this initial public offering, the fair values of the shares of common stock underlying our share-based awards were estimated on each grant date by our board of directors. In order to determine the fair value of our common stock underlying option grants, our board of directors considered, among other things, contemporaneous valuations of our common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Given the absence of a public trading market for our common stock, our board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of our common stock, including our stage of development; progress of our research and development efforts; the rights, preferences and privileges of our preferred stock relative to those of our common stock; equity market conditions affecting comparable public companies and the lack of marketability of our common stock.

In determining a fair value for our common stock, we estimated the enterprise value of our business using the income approach and the market approach. The income approach estimates the fair value of a company based on the present value of the company's future estimated cash flows. These future cash flows are discounted to their present values using an appropriate discount rate, to reflect the risks inherent in the company achieving these estimated cash flows. The discount rate used in our third-party valuations was based primarily on benchmark venture capital studies of discount rates for other companies in similar stages of development. The market approach estimates the fair value of a company by including an estimation of the value of a business based on estimating a future value under an initial public offering scenario based on recent biopharmaceutical initial public offerings and an estimate of value under a merger and acquisition scenario. The estimated enterprise value is then allocated to the common stock using the Option Pricing Method, or OPM, and the Probability Weighted Expected Return Method, or PWERM, or the hybrid method. The hybrid method applied the PWERM utilizing the probability of two exit scenarios, going public or being acquired, and the OPM was utilized in the remaining private scenario.

For valuations after the completion of this offering, our board of directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant.

The intrinsic value of all outstanding options as of March 31, 2014 was $ million based on the estimated fair value of our common stock of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

Estimated Fair Value of Convertible Preferred Stock Warrants

Freestanding warrants for shares that are contingently redeemable are classified as a liability on the balance sheet at their estimated fair value. At the end of each reporting period, the change in estimated fair value during the period is recorded in change in fair value of convertible preferred stock warrant liability in the statement of operations and comprehensive loss. We will continue to adjust the carrying value of the warrants until the earlier of the exercise or expiration of the warrants. We estimated the fair values of these warrants using their intrinsic value in 2012 given their low exercise price. Beginning in 2013, we have estimated the fair value of the warrant liability using a hybrid of the OPM, and the PWERM. The hybrid method applied the PWERM utilizing the probability of two exit scenarios, going public or being acquired, and the OPM was utilized in the remaining private scenario. The scenarios were weighted based on our estimate of the assigned probability.

Income Taxes

We account for income taxes under an asset and liability approach for deferred income taxes, which require recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements, but have not been reflected in taxable income. Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred income tax assets, which arise from temporary differences and carryforwards. Deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We regularly assess the likelihood that deferred income tax assets will be realized based on historical levels of taxable income, projections for future taxable income, and tax planning strategies. To the extent that we believe any amounts are not more likely than not to be realized, we record a valuation allowance to reduce the deferred income tax assets. We regularly assess the need for the valuation allowance on its deferred tax assets, and to the extent that we determine that an adjustment is needed, such adjustment will be recorded in the period that the determination is made.

We regularly review our tax positions and benefits to be realized. We recognize tax liabilities based upon estimate of whether, and the extent to which, additional taxes will be due when such estimates are more likely than not to be sustained. An uncertain income tax position will be recognized if it has a more likely than not of being sustained. We recognize interest and penalties related to income tax matters in the income tax provision in the statements of operations and comprehensive loss appearing elsewhere in this prospectus. We have not incurred any interest or penalties associated with unrecognized tax benefits for any periods presented.

Results of Operations

Comparison of the three months ended March 31, 2013 and 2014

	Three Months Ended March 31,		Dollar Change
	2013	2014	
	(in thousands)		
Revenue:			
Licensing revenue	$1,989	$ 3,236	$ 1,247
Collaborative development revenue	4,567	5,314	747
Total revenue	6,556	8,550	1,994
Operating expenses:			
Research and development	5,939	7,637	1,698
General and administrative	1,027	1,377	350
Total operating expenses	6,966	9,014	2,048
Loss from operations	(410)	(464)	(54)
Other expense, net	(25)	(4)	21
Change in fair value of preferred stock warrant liability	—	(2,603)	(2,603)
Loss before provision for income taxes	(435)	(3,071)	(2,636)
Provision for income taxes	(35)	—	35
Net loss	$ (470)	$(3,071)	$(2,601)

Revenues

Licensing revenue for the three months ended March 31, 2014 was $3.2 million, an increase of $1.2 million, or 63%, compared to $2.0 million for the three months ended March 31, 2013. The increase was due to the $15.0 million we received in December 2013 related to the amendment to the AstraZeneca agreement which is being amortized over our expected period of performance under the agreement. The estimated period of performance is based on the completion of all of the Phase 2 clinical trials for tenapanor. We estimate that the end of all Phase 2 clinical trials will be December 2016. The expected period of performance is reviewed quarterly and adjusted, as needed, to reflect the progress of clinical studies.

Collaborative development revenue consists of our development expenses that are reimbursable to us by AstraZeneca as part of our license agreement. Collaborative development revenue for the three months ended March 31, 2014 was $5.3 million, an increase of $0.7 million, or 16%, compared to $4.6 million for the three months ended March 31, 2013. The increase was due to an increase in our development activities primarily related to the expansion of the clinical trials that are a part of the AstraZeneca agreement.

Research and Development

Research and development expenses were $7.6 million for the three months ended March 31, 2014, an increase of $1.7 million, or 29%, compared to $6.0 million for the three months ended March 31, 2013. The increase was primarily driven by a $1.1 million increase in development activities related to tenapanor as we expanded the clinical trial activities under our license agreement with AstraZeneca. Discovery research expenses increased by $0.6 million due to an increase in our research activities for non-partnered programs.

General and Administrative

General and administrative expenses were $1.4 million for the three months ended March 31, 2014, an increase of $0.4 million, or 34%, compared to $1.0 million for the three months ended March 31, 2013. The increase was primarily due to an increase in professional services fees of $0.3 million.

Change in fair value of preferred stock warrant liability

Change in fair value of preferred stock warrant liability was $2.6 million for the three months ended March 31, 2014, an increase of $2.6 million compared to zero for the three months ended March 31, 2013. The increase was due to an increase in the fair value of our convertible preferred stock.

Provision for Income Taxes

Provision for income taxes was zero during the three months ended March 31, 2014 compared to a provision for income taxes of $35,000 during the three months ended March 31, 2013. The provision for the three months ended March 31, 2013 was due to California state income taxes related to the Alternative Minimum Tax for the $35.0 million upfront payment received from AstraZeneca.

Comparison of the years ended December 31, 2012 and 2013

	Year Ended December 31,		
	2012	2013	Dollar Change
		(in thousands)	
Revenue:			
Licensing revenue	$ 3,182	$ 8,063	$ 4,881
Collaborative development revenue	2,228	20,865	18,637
Total revenue	5,410	28,928	23,518
Operating expenses:			
Research and development	10,184	28,093	17,909
General and administrative	4,031	3,700	(331)
Total operating expenses	14,215	31,793	17,578
Loss from operations	(8,805)	(2,865)	5,940
Other expense, net	(30)	(52)	(22)
Change in fair value of preferred stock warrant liability	(950)	(3,506)	(2,556)
Loss before provision for income taxes	(9,785)	(6,423)	3,362
Provision for income taxes	—	(141)	(141)
Net loss	$ (9,785)	$ (6,564)	$ 3,221

Revenue

Licensing revenue for the year ended December 31, 2013 was $8.1 million, an increase of $4.9 million, or 153%, compared to $3.2 million for the year ended December 31, 2012. The increase was due to a full year of amortization in 2013 of the AstraZeneca up-front license payment as compared to a partial period in 2012. In addition, we received an additional payment of $15.0 million in December 2013 related to the amendment to the AstraZeneca agreement which is also being amortized over the expected period of performance. The estimated period of performance is based on the completion of all of the Phase 2 clinical trials for tenapanor. We initially estimated the period of performance to be through June 2015. In connection with our process of evaluating the progress of clinical activities, we subsequently revised our estimate of the period of performance to be through December 2016.

Collaborative development revenue consists of our development expenses that are reimbursable to us by AstraZeneca as part of our license agreement. Collaborative development revenue for the year ended December 31, 2013 was $20.9 million, an increase of $18.6 million, compared to $2.2 million for the year ended December 31, 2012. The increase was due to a full year of development activities related to the AstraZeneca agreement.

Research and Development

Research and development expenses were $28.1 million for the year ended December 31, 2013, an increase of $17.9 million, or 176%, compared to $10.2 million for the year ended December 31, 2012. The increase was primarily driven by increased development activities, including our ongoing Phase 2 clinical trials, as part of our license agreement with AstraZeneca for the research, development, and commercialization of tenapanor. AstraZeneca reimburses us for our internal and external development-related costs associated with our license agreement. These development-related costs are mainly comprised of external research and development expenses incurred under agreements with consultants and third-party contract research organizations.

General and Administrative

General and administrative expenses were $3.7 million for the year ended December 31, 2013, a decrease of $0.3 million, or 8%, compared to $4.0 million for the year ended December 31, 2012. The decrease was primarily due to a decrease in consulting and legal fees of $0.5 million related to negotiation costs incurred in 2012 in connection with the AstraZeneca agreement, partially offset by an increase in salary expenses as a result of increased headcount in 2013.

Change in Fair Value of Preferred Stock Warrant Liability

Change in fair value of preferred stock warrant liability was $3.5 million for the year ended December 31, 2013, an increase of $2.6 million compared to $1.0 million for the year ended December 31, 2012. The increase was due to an increase in the fair value of our convertible preferred stock.

Provision for Income Taxes

Provision for income taxes was $0.1 million for the year ended December 31, 2013 compared to zero for the year ended December 31, 2012. The provision in 2013 was due to California state income taxes as we were required to pay the Alternative Minimum Tax in 2013 for the $35.0 million upfront payment received from AstraZeneca.

Liquidity and Capital Resources

Liquidity and Capital Expenditures

Since inception, as of March 31, 2014, our operations have been financed primarily by net proceeds of $56.2 million from the sales of shares of our convertible preferred stock and $51.3 million from payments received from our collaboration partners AstraZeneca and Sanofi. As of March 31, 2014, we had $33.2 million of cash and cash equivalents. In May 2014, we received a $25.0 million development milestone payment from AstraZeneca as a result of the dosing of the first patient in the Phase 2b ESRD clinical trial in hyperphosphatemia in April 2014.

Our primary uses of cash are to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

We believe that our existing capital resources will be sufficient to meet our projected operating requirements for at least the next 12 months. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Further, our operating plan may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development expenditures. We currently have no credit facility or committed sources of capital other than potential milestones receivable under our current collaboration partnership. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates and the extent to which we may enter into additional collaboration partnerships with third parties to participate in their development and commercialization, we are unable to

estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies. Our future funding requirements will depend on many factors, including the following:

- our decision whether or not to exercise our right to co-fund the first Phase 3 clinical development program for tenapanor, in which we may invest $20.0 million, $30.0 million or $40.0 million to acquire an increase of 1%, 2% or 3%, respectively, in the royalties payable to us by AstraZeneca on net sales of tenapanor;
- the achievement of development and regulatory milestones resulting in the payment to us from our collaboration partners of contractual milestone payments and the timing of the receipt of such payments, if any;
- the progress, timing, scope, results and costs of our preclinical studies and clinical trials for our product candidates that have not been licensed, including the ability to enroll patients in a timely manner for clinical trials;
- the time and cost necessary to obtain regulatory approvals for our product candidates that have not been licensed and the costs of post-marketing studies that could be required by regulatory authorities;
- our ability and the ability of our collaboration partners to successfully commercialize and/or co-promote our product candidates;
- the manufacturing, selling and marketing costs associated with product candidates, including the cost and timing of building our sales and marketing capabilities;
- our ability to establish and maintain collaboration partnerships, in-license/out-license or other similar arrangements and the financial terms of such agreements;
- the timing, receipt, and amount of sales of, or royalties on, our future products, if any;
- the sales price and the availability of adequate third-party reimbursement for our product candidates;
- the cash requirements of any future acquisitions or discovery of product candidates;
- the number and scope of preclinical and discovery programs that we decide to pursue or initiate;
- the time and cost necessary to respond to technological and market developments; and
- the costs of filing, prosecuting, maintaining, defending and enforcing any patent claims and other intellectual property rights, including litigation costs and the outcome of such litigation, including costs of defending any claims of infringement brought by others in connection with the development, manufacture or commercialization of our product candidates.

If we need to raise additional capital to fund our operations, funding may not be available to us on acceptable terms, or at all. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of or suspend one or more of our clinical studies, research and development programs or commercialization efforts. We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaboration partnerships, licensing arrangements and other marketing and distribution arrangements. To the extent that we raise additional capital through marketing and distribution arrangements or other collaboration partnerships or licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
			(unaudited)	
Cash provided by (used in) operating activities	$ 21,980	$ 1,811	$ (4,125)	$ (1,120)
Cash used in investing activities	(128)	(278)	(70)	(94)
Cash provided by (used in) financing activities	270	(1)	—	—

Cash Flows from Operating Activities

Cash used in operating activities for the three months ended March 31, 2014 was $1.1 million, consisting of a net loss of $3.1 million, which was offset by non-cash charges of $64,000 for stock-based compensation, $73,000 for depreciation and amortization expense, and $2.6 million for the change in the fair value remeasurement of our convertible preferred stock warrant liability. The change in our net operating assets and liabilities was due primarily to a $2.4 million decrease in deferred revenue which was mainly driven by the amortization of the $35.0 million up-front payment and $15.0 million additional payment received in connection with our agreement with AstraZeneca, and a $1.5 million decrease in our accounts receivable due to the timing of payments received from AstraZeneca for reimbursable costs incurred under our licensing agreement.

Cash used in operating activities for the three months ended March 31, 2013 was $4.1 million, consisting of a net loss of $0.5 million, and non-cash charges of $0.1 million for stock-based compensation, and $0.2 million for depreciation and amortization expense. The change in our net operating assets and liabilities was due primarily to a $2.4 million decrease in deferred revenue which was mainly driven by the amortization of the $35.0 million up-front payment received in connection with our agreement with AstraZeneca, and a $1.3 million decrease in our accounts receivable due to the timing of payments received from AstraZeneca for reimbursable costs incurred under our licensing agreement, and a $0.6 million increase in our accrued compensation and benefits as a result of 2012 bonus accruals that were paid in the beginning of 2013.

Cash provided by operating activities for the year ended December 31, 2013 was $1.8 million, consisting of a net loss of $6.6 million, which was offset by non-cash charges of $0.4 million for stock-based compensation, $0.6 million for depreciation and amortization expense, and $3.5 million for the change in the fair value remeasurement of our convertible preferred stock warrant liability. The change in our net operating assets and liabilities was due primarily to a $7.6 million increase in deferred revenue as a result of the $15.0 million payment received in 2013 under our license agreement with AstraZeneca, offset by $8.1 million in amortization of revenue and a $1.1 million increase in our accounts payable due to the timing of payments. Our accounts receivable increased by $3.4 million due to the timing of payments received from AstraZeneca for reimbursable costs incurred under our license agreement.

Cash provided by operating activities for the year ended December 31, 2012 was $22.0 million, consisting of a net loss of $9.8 million which was offset by non-cash charges of $0.5 million for stock-based compensation, $0.7 million for depreciation and amortization expense, and $1.0 million for the change in the fair value remeasurement of our convertible preferred stock warrant liability. The change in our net operating assets and liabilities was due primarily to a $32.7 million increase in deferred revenue which was mainly driven by the $35.0 million up-front payment received in connection with our agreement with AstraZeneca, net of the amortization to revenue of $3.2 million. The remaining difference was an increase in reimbursable expenses included in deferred revenue of $0.9 million that related to reimbursements received for prepaid development expenses. Our accounts receivable increased by $3.1 million due to the recognition of reimbursable development costs and related timing of payments received from AstraZeneca.

Cash Flows from Investing Activities

Cash used in investing activities for the three months ended March 31, 2013 and 2014 was related to our acquisition of property and equipment of $70,000 and $94,000. Purchases of property and equipment are primarily related to the expansion of our laboratory and research activities.

Cash used in investing activities for the years ended December 31, 2012 and 2013 was related to our acquisition of property and equipment of $0.1 million and $0.3 million. Purchases of property and equipment are primarily related to expansion of our laboratory and related equipment.

Cash Flows from Financing Activities

There were no cash flows from financing activities for the three months ended March 31, 2013 and 2014.

Cash provided by financing activities for the years ended December 31, 2012 and 2013 was related to proceeds from the issuance of common stock upon the exercise of stock options of $0.3 million and $1,000, respectively, offset by repurchase of unvested common stock that was early exercised of $20,000 and $2,000, respectively.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations as of December 31, 2013:

	Payments Due by Period				
Contractual Obligations:	**Less Than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More Than 5 Years**	**Total**
			(in thousands)		
Operating lease obligations	$ 569	$ 999	$ —	$ —	$1,568
Total contractual obligations[1]	$ 569	$ 999	$ —	$ —	$1,568

(1) We had unrecognized tax benefits in the amount of $1.4 million as of December 31, 2013 related to uncertain tax positions. However, there is uncertainty regarding when these liabilities will require settlement so these amounts were not included in the contractual obligations table above.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. We had cash and cash equivalents of $33.2 million as of March 31, 2014, which consist of bank deposits and money market funds. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. We had no outstanding debt as of March 31, 2014.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board, or FASB, issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. ASU 2013-11 concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the law. We will adopt this amendment as of January 2014. The result of adoption may be to reclassify certain long term liabilities to long term deferred tax assets, and the adoption will not result in a change to the tax provision. We do not believe that the impact on the balance sheet will be significant.

Business

Overview

We are a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the gastrointestinal, or GI, tract to treat cardio-renal, GI and metabolic diseases. We have developed a proprietary drug discovery and design platform enabling us, in a rapid and cost-efficient manner, to discover and design novel drug candidates. Utilizing our platform, we discovered and designed our lead product candidate, tenapanor, which in preclinical and clinical studies has consistently demonstrated the ability to reduce the absorption of dietary sodium and phosphorus, both of which are key factors in the progression of kidney disease. In 2012, we entered into a collaboration partnership with AstraZeneca for the worldwide development and commercialization of tenapanor. AstraZeneca is responsible for all of the development and commercialization costs for tenapanor, and we have retained an option to co-promote in the United States. Together with AstraZeneca AB, or AstraZeneca, we are evaluating tenapanor in three Phase 2 clinical trials in patients with end stage renal disease, or ESRD, late-stage chronic kidney disease, or CKD, and constipation-predominant irritable bowel syndrome, or IBS-C. To enhance our proprietary drug discovery and design platform, we have developed a cell-culture system to simulate gut tissues called Ardelyx Primary Enterocyte and Colonocyte Culture System, or APECCS. We have also identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets. In addition to tenapanor, we are evaluating small molecule NaP2b inhibitors for the treatment of hyperphosphatemia in ESRD, a program we have licensed to Sanofi S.A., or Sanofi. We are also independently advancing three other discovery and lead development programs focused in cardio-renal, GI and metabolic diseases.

Tenapanor is a small molecule, orally administered inhibitor of NHE3, a transporter of sodium in the GI tract. We and AstraZeneca have evaluated tenapanor in eight human clinical studies in over 765 individuals. In Phase 1 and Phase 2 clinical trials, tenapanor has generally been well-tolerated and has shown the ability to divert dietary sodium into the stool in both healthy adult subjects and patients with ESRD. In Phase 1 clinical trials in healthy adults, we observed that tenapanor has a significant effect on the diversion of dietary phosphorus into the stool. Additionally, tenapanor has demonstrated activity consistent with an IBS-C drug by increasing the frequency of bowel movements in IBS-C patients in a Phase 2a clinical trial. We and AstraZeneca are continuing development in ongoing Phase 2a and Phase 2b clinical trials in three different indications:

- ESRD patients on hemodialysis to treat hyperphosphatemia: Phase 2b randomized, double-blind, placebo-controlled clinical trial in 150 patients to evaluate the effects of tenapanor on serum phosphorus. Enrollment is ongoing and the results of this trial are expected in the first half of 2015.
- Stage 3 CKD patients with type 2 diabetes mellitus, albuminuria and high blood pressure: Phase 2a randomized, double-blind, placebo-controlled clinical trial in 140 patients to evaluate the effects of tenapanor on kidney function and fluid overload. Enrollment is ongoing and the results of this clinical trial are expected in the second half of 2015.
- IBS-C patients: Phase 2b randomized, double-blind, placebo-controlled clinical trial in 371 patients to evaluate the effect of tenapanor on the frequency of bowel movements versus placebo. Enrollment is completed and the results of this clinical trial are expected in the fourth quarter of 2014.

We believe the market opportunity for tenapanor for these three potential patient populations is significant. We estimate, based on phosphate binder utilization, the only approved therapies for hyperphosphatemia, that there are about 270,000 ESRD patients with hyperphosphatemia in the United States. The worldwide market for phosphate binders in 2011 was reported to be $1.5 billion and is projected to reach $2.3 billion by 2015. We believe there are approximately 1.8 million patients in the United States that have late-stage, or stage 3b or stage 4 CKD with type 2 diabetes, and approximately 4.4 million individuals in the United States with IBS-C.

In addition to tenapanor, we have discovered novel NaP2b inhibitors for the treatment of hyperphosphatemia in ESRD patients by inhibiting the active absorption of phosphorus. In February 2014, we

entered into an option and license agreement with Sanofi under which we granted Sanofi an exclusive worldwide license to conduct research utilizing our small molecule NaP2b inhibitors. Sanofi is advancing this program towards first-in-human clinical trials. In addition, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors. Under our arrangement, Sanofi is responsible for all of the costs and expenses for research and preclinical activities and, should it exercise its option, for the development and commercialization efforts under the program, while we retain an option to co-promote licensed products in the United States.

Utilizing our proprietary drug discovery and design platform, we are pursuing other internal discovery and lead-development programs that are currently in the research phase:

- RDX009 Program: Our focus is the discovery and development of non-systemic TGR5 agonists that stimulate GLP-2 and GLP-1 and have the potential when used in combination with a DPP4 inhibitor to heal the intestines and reduce inflammation in inflammatory bowel disease, or IBD;
- RDX013 Program: Our focus is the discovery and development of drug candidates to treat hyperkalemia, or elevated serum potassium, also commonly seen in CKD and ESRD patients; and
- RDX020 Program: Our focus is the discovery and development of drug candidates that provide alternate ways to manage fluid overload and kidney function by inhibiting chloride transport in CKD patients, particularly those who also experience acid-base disorders due to their disease.

Our executive management team has extensive experience in the discovery, development and commercialization of products in the renal field. As the Senior Vice President and General Manager of Renagel at Genzyme Corporation, or Genzyme, a Sanofi company, our President and Chief Executive Officer, Michael Raab, launched and oversaw the sales growth of sevelamer, the leading phosphate binder for the treatment of hyperphosphatemia with over $1.0 billion in worldwide sales in 2013. Mr. Raab was also instrumental in the worldwide launch of both Ceredase and Cerezyme, Genzyme's $1.0 billion therapies for Gaucher disease. Other members of our executive team have discovered or developed important products in the cardio-renal, GI and metabolic fields, including Renagel, patiromer and Welchol, among other products, in key roles in leading biopharmaceutical companies such as Ilypsa, Inc., MedImmune, LLC, a subsidiary of AstraZeneca Plc, GelTex Pharmaceuticals, Inc., Genzyme and PDL BioPharma, Inc.

Our operations to date have been funded by $56.2 million in equity investments primarily from leading venture capital investment firms and $76.3 million in upfront and development milestone payments from our collaboration partners AstraZeneca and Sanofi, which includes a development milestone payment of $25.0 million that we received in May 2014. Based on the current development plan for tenapanor, and assuming AstraZeneca's decision to proceed with development in accordance with those plans, we expect to receive a $20.0 million development milestone payment in the first half of 2015 and, assuming positive results in the ongoing Phase 2b clinical trial of tenapanor for the treatment of hyperphosphatemia, along with a decision by AstraZeneca to move forward into a Phase 3 clinical trial, we expect that we would receive an additional $50.0 million development milestone payment by the second half of 2015.

Our Proprietary Drug Discovery and Design Platform

Our platform, comprised of proprietary know-how and drug discovery and design tools such as APECCS, provides us with a competitive advantage in drug development. This platform enables us, in a rapid and cost-efficient manner, to discover and design novel drug candidates that work exclusively in the GI tract to treat cardio-renal, GI and metabolic diseases. By targeting receptors and transporters localized in the GI tract, we can modulate important functions of the gut, such as absorption of specific nutrients and minerals, or the gut's various hormonal functions, to treat and prevent diseases while avoiding systemic toxicities.

Benefits of our Platform versus Traditional Drug Discovery

Traditional small molecule drug discovery and design focuses on drugs that are rapidly absorbed in the GI tract. Once absorbed, those molecules typically need to survive the first-pass metabolism that occurs in the liver in order to arrive at the targeted cells or tissues and provide the desired benefit or effect. Compared to the traditional approach employed by the pharmaceutical industry to develop systemic drugs, we believe our proprietary drug discovery and design platform has several key benefits:

- Exploits the natural functions of the gut to affect disease. The gut is not a passive organ. It is lined with a variety of cell types that actively control the absorption of nutrients and minerals from the diet and serves to assist in the balance of those in the body. The gut also functions as an endocrine gland, causing the release of hormones in response to various stimuli. Additionally, the gut has multiple ways to communicate with the immune system and central nervous system. Our platform allows us to design drugs to modulate these active functions of the gut in order to prevent and treat disease. With our drug candidates, we can stimulate receptors in the gut to increase the release of endogenous hormones to take advantage of their natural effect on diseases and conditions. We have identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets.
- Results in drug candidates with a superior safety profile that remain non-systemic. Traditional approaches to drug development, require the design of molecules to elicit an effect in a particular area or tissue of the body. To do this, those molecules must be absorbed into the bloodstream thereby exposing many or all tissues to the drug and potentially to the drug's metabolites. Drug and metabolite exposure in tissues not relevant to treating the intended disease or condition increases the chance of unwanted side effects. We avoid this systemic exposure by limiting the penetration of our drug candidates through the gut and into the bloodstream. We believe that our approach minimizes the possibility that our drugs may bind to or affect unintended targets in the body, reducing the potential for unwanted side effects.
- Reduces discovery time. Because our drug candidates are designed to be non-systemic and work locally, we avoid the time that is dedicated in traditional drug discovery to designing molecules to achieve adequate bioavailability and avoid undesirable off-target side effects, while still providing the desired pharmacologic response. When animal studies confirm that one of our drug candidates is non-systemic and we observe minimal metabolism of the candidate in the gut with the use of our discovery platform tools, we have a high degree of certainty that the drug candidate will reach our intended target on the surface of the gut when administered orally.
- Promotes efficient phenotypic screens. Our platform, particularly as enhanced with APECCS, allows us to conduct efficient phenotypic screening as the cell lines used for screening are a better representation of the GI. The *in vitro* activity of selected hits is believed to be more predictive of *in vivo* activity compared to more traditional approaches.

How our Proprietary Drug Discovery and Design Platform Works

Our platform allows us to identify and design novel non-systemic drug candidates to treat cardio-renal, GI and metabolic diseases.

- Identify: We identify and evaluate receptors and transporters on the epithelia of the GI tract that may impact diseases and we use a suite of techniques to characterize cell functions such as protein imaging and pharmacological probes in order to confirm that such targets are found on cells of the lumen, or inside surface, of the intestines. Using our scientific expertise and specialized know-how, along with traditional screening methodologies, we identify starting chemistries that have the potential to engage actively with the targeted receptor or transporter. These starting tool compounds are often absorbed into the bloodstream and have undesirable properties but serve the purpose of confirming the presence of the target we are pursuing. We use medicinal chemistry techniques to optimize potency and target engagement to eliminate or limit off-target activity and improve various drug properties of the compound.

- Non-Systemic: We use our medicinal chemistry expertise, together with a suite of tools and capabilities we have developed to test and monitor the non-systemic qualities of our drugs. We then transform the optimized tool compounds into pre-lead drug candidates that have low systemic availability, low gastric and intestinal metabolism, favorable drug properties such as solubility and stability, and that affect the desired biological response in animals. These pre-lead molecules are then optimized in all respects to create lead molecules that can enter IND-enabling studies.
- APECCS: APECCS, our novel cell-based system, involves the biopsy of various segments of the gut and the growth of those cells under proprietary conditions to maintain, to the extent possible, the integrity and functionality of the various cell types and substructures. We have developed this into a miniaturized format that allows us to utilize it for cell based drug screening. In addition to using APPECS in the design of our small molecule drug candidates, we use the APECCS technology to measure epithelial transport of ions and nutrients and to screen compounds to identify potential disease modulators such as inhibitors or activators using phenotypic screening. APECCS has the potential to allow us to identify novel targets, mechanisms of action and physiology as well as provide us an early understanding of how identified compounds may interact with specific gut tissues. In addition, we believe that APECCS may also provide us a clear path to translate cell-based observations into *in vivo* rodent models and ultimately into human clinical studies. We expect to use a portion of the proceeds from this offering to continue to enhance the capabilities of our APECCS cell-culture system by acquiring equipment to monitor, miniaturize and automate the APECCS cell culture and screening processes; developing the conditions to grow intestinal cells in the APECCS format from multiple segments of the intestine and multiple species including human, mouse, and rat; developing APECCS cultures from intestinal tissues derived from humans with various diseases and conditions; developing assays with the APECCS system that allow us to screen for drugs that affect various functional attributes of intestinal cells, and acquiring or in-licensing technologies, if necessary, to broaden the scope of APECCS capabilities.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the GI tract to treat cardio-renal, GI and metabolic diseases. Our strategy involves the following:

Advance tenapanor into late-stage and pivotal clinical trials in collaboration with AstraZeneca. We are actively involved with AstraZeneca in the development efforts for tenapanor, including overseeing and conducting, on AstraZeneca's behalf, two of the three ongoing Phase 2 clinical trials, for which AstraZeneca is solely responsible for all development costs. We participate in the strategic and operational management of the global tenapanor program and are focused on rapidly and efficiently advancing this program. With successful completion of the ongoing Phase 2 clinical trials and assuming AstraZeneca's decision to move forward with these programs, we expect that in the second half of 2015, AstraZeneca would initiate a Phase 3 pivotal clinical trial for hyperphosphatemia in ESRD, along with a Phase 2b clinical trial in CKD patients.

Use non-dilutive financing from our existing collaboration partnerships and the proceeds of this offering to expand our product pipeline and advance our earlier-stage product candidates into clinical trials. To date, we have received $76.3 million in non-dilutive funding from our collaboration partners, AstraZeneca and Sanofi, which includes the $25.0 million development milestone payment that we received in May 2014. If we achieve our milestones in these agreements, we would receive additional significant non-dilutive funding. We plan to use these payments, together with the proceeds of the offering, to continue our discovery and development efforts for our preclinical product candidates, which include our RDX009, RDX013 and RDX020 programs, and expand our product pipeline, including through the potential acquisition or in-license of other products. In addition, we will continue to evaluate new collaboration partnerships to enhance the discovery, development or commercialization of other product candidates in our product pipeline.

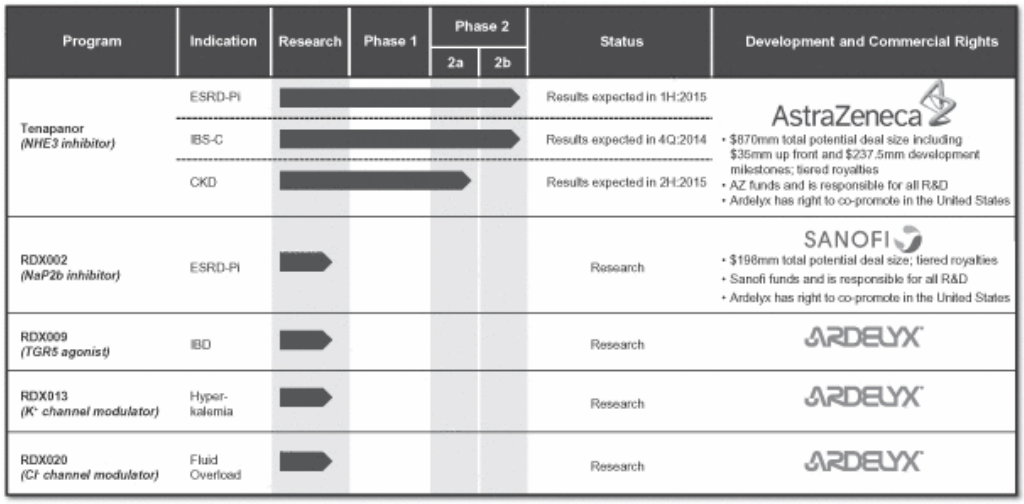
Leverage our technological capabilities and drug discovery and design platform to expand our product pipeline. We have developed a unique approach to discover and develop new agents to treat diseases involving the exploitation of receptors and targets on the epithelia of the GI tract that affect related biology to treat disease. We have built a suite of tools, knowledge and capabilities around this approach and have leveraged such tools for the discovery of NHE3 inhibitors such as tenapanor, NaP2b inhibitors, TGR5 agonists and other drug candidates in our pipeline. We have developed APECCS to augment and help streamline the approach. We have identified over 3,800 proteins on the inner surface of the gut, many of which we believe may be drug targets amenable to our approach. We plan to leverage these tools, capabilities and know-how to discover, develop and commercialize new first-in-class drugs that treat cardio-renal, GI and metabolic diseases.

Develop commercial capabilities. We expect to develop U.S. commercial capabilities, initially focusing on the renal field and targeting nephrologists or other specialty physicians. Our executive management team, and in particular our President and Chief Executive Officer, Michael Raab, has extensive experience in developing and commercializing therapeutic drugs for the CKD and ESRD markets. Upon receipt of positive Phase 3 results, we expect to exercise our right to co-promote one of our drug candidates with AstraZeneca or Sanofi, either of which would provide financial support that would assist us in building a specialty sales and marketing team for this purpose. We also may develop additional commercial capabilities in connection with other opportunities we choose to pursue.

Leverage our management team's drug development and commercialization expertise to identify and secure complementary in-licensing opportunities. Our management team has significant experience in the development and commercialization of products in the cardio-renal, GI and metabolic fields in which we operate. We intend to leverage this expertise to pursue in-licensing opportunities that expand our product pipeline within relevant therapeutic fields.

Our Product Pipeline

With AstraZeneca, we are evaluating the safety and efficacy of tenapanor in three ongoing Phase 2 clinical trials for three different indications. Through our collaboration partner, Sanofi, we are continuing discovery efforts with our NaP2b inhibitors. We also have three internal on-going discovery efforts aimed at non-systemic agents to treat IBD and hyperkalemia and to modulate chloride transport. The following table summarizes key information about our product candidates:



Tenapanor

Summary of tenapanor

Tenapanor has consistently demonstrated the ability to reduce the absorption of dietary sodium and phosphorus, both of which are widely recognized as key factors in the progression of kidney disease. Our lead indication is the treatment of hyperphosphatemia in ESRD patients. We and AstraZeneca are also evaluating the potential for tenapanor's long-term benefit in the treatment of patients with CKD. Trials are underway to understand the potential impact tenapanor may have on markers of kidney disease and fluid status in CKD patients. We and AstraZeneca are also evaluating the use of tenapanor for the treatment of IBS-C.

Tenapanor is a non-systemic small molecule inhibitor of NHE3, a sodium transporter present on the epithelia of the GI tract. *In vitro* studies have shown that tenapanor is potent against human NHE3 and specific for NHE3 versus other similar transporters such as NHE1, NHE2 and NaP2b. When radiolabeled tenapanor was administered orally to rats, we demonstrated that approximately 98% of the administered dose was detected, unchanged, in feces, indicating that no substantial metabolism occurred and that the drug was non-systemic. In human studies of orally-administered tenapanor, the drug was detected in the blood in only 0.7% of more than 2,000 collected serum samples, and even in those, at very low levels (< 1.5 ng/mL). Tenapanor is stable at room temperature and has been formulated into small tablets ranging from 1 mg to 50 mg.

We have administered tenapanor to over 765 subjects to date including 291 healthy volunteers, 410 IBS-C subjects and 65 patients with CKD and ESRD. Tenapanor has been administered in a single dose of up to 900 mg and for a period of up to 3 months at 100 mg/day. Tenapanor has generally been observed to be well-tolerated in clinical studies. All findings were consistent with findings for non-systemic drugs, where dose-limiting side effects are due to the exaggerated pharmacology of the drug and, in the case of tenapanor, such side effects were related to gastrointestinal symptoms. All serious adverse events reported thus far have been assessed as unrelated to tenapanor by the study investigators, by us and by AstraZeneca.

In animal studies and Phase 1 studies in healthy adult volunteers where fecal sodium was measured, we observed that tenapanor has a significant effect on the diversion of dietary sodium into the stool. In addition, in IBS-C patients, we saw that tenapanor elicited the expected pharmacological effect of increased fecal fluid that results from the inhibition of sodium absorption. The sodium effect of tenapanor is related to its interaction with NHE3. NHE3 is a sodium-proton exchanger located on the epithelia or surface of the intestinal lumen. NHE3 is also located on absorptive cells of the nephrons (structural units of the kidney that filter the blood). Its role is to absorb sodium into the body from the intestine or, alternately, re-absorb it from the filtered plasma in the kidney in order to maintain sodium balance in the body. The net flow of sodium (and chloride through other means) from the intestines also results in the complementary absorption of intestinal water to maintain a constant blood sodium concentration.

In preclinical studies with tenapanor, we observed that, in addition to diverting sodium into the stool, tenapanor also inhibited the absorption of phosphorus, and in Phase 1 studies in healthy adults, we observed that tenapanor has a significant effect on the diversion of dietary phosphorus into the stool. In *in vitro* studies we determined that tenapanor does not directly inhibit NaP2b or PiT1, both of which are phosphorus transporters in the gut. AstraZeneca continues to evaluate the mechanism for tenapanor's phosphorus effect. Based on results from preclinical and Phase 1 studies, we and AstraZeneca determined that developing tenapanor to treat hyperphosphatemia in ESRD patients offered the most expeditious path to approval and commercialization.

We and AstraZeneca have submitted the following three INDs to the FDA in connection with the development of tenapanor: we submitted IND 108,732 for the treatment of constipation-related diseases in October 2010 and IND 115,992 for the treatment of sodium and fluid overload diseases in December 2012, and AstraZeneca submitted IND 120,566 for the treatment of hyperphosphatemia in ESRD patients on dialysis in December 2013.

Tenapanor for treating hyperphosphatemia in ESRD patients on hemodialysis

The treatment of hyperphosphatemia in ESRD patients by reducing the absorption of dietary phosphorus is the lead indication for tenapanor. We and AstraZeneca have undertaken a Phase 2b clinical trial in this indication.

CKD is the progressive deterioration of renal function that can occur over several months or years. The symptoms of worsening kidney function are nonspecific, and can include having less energy, reduced appetite, dry itchy skin, swollen feet and ankles, or generally just not feeling well. If the deterioration continues and is not halted by either changes in life-style or with the assistance of pharmacological intervention, the disease will likely cause significant cardiovascular morbidity, and can progress to ESRD, the final stage of CKD, where kidney function will be lost entirely.

Current management of ESRD includes hemodialysis and peritoneal dialysis as a means to filter toxins from the blood once kidneys have failed. Unless this intervention occurs, kidney failure results in the accumulation of waste products that may ultimately cause death. Hemodialysis, the most common form of dialysis, generally requires a patient to visit a dialysis center at least three times per week for a three- to five-hour session, significantly reducing quality of life.

Hyperphosphatemia in ESRD

Phosphorus, a vital element required for most cellular processes, is present in almost every food in the Western diet, and, in individuals with normal kidney function, any excess dietary phosphorus is efficiently removed by the kidney and excreted in urine. In adults with functioning kidneys, normal serum phosphorus levels are 2.6 to 3.8 mg/dL. With kidney failure, elevated phosphorus becomes a toxin and is diagnosed as hyperphosphatemia when serum phosphorus levels are greater than 5.0 mg/dL. Although patients with ESRD rely on dialysis to eliminate toxins, phosphorus is not readily removed by the procedure and other means of managing phosphorus levels must be employed.

In ESRD, excess levels of phosphorus have been shown to lead to an increase in cardiovascular disease risk, as well as increases in serum FGF-23, an important serum endocrine hormone that regulates phosphorus metabolism, and elevated parathyroid hormone, also known as secondary hyperparathyroidism. These endocrine changes in ESRD patients are a concern as elevated parathyroid hormone leads to the development of renal osteodystrophy, a condition of abnormal bone growth characterized by brittle bones. Elevated levels of FGF-23 are strongly associated with an increased risk of cardiovascular mortality. With concurrent elevated calcium levels common in these patients, particularly when calcium is used as a means of controlling phosphorus, deposits containing calcium and phosphate develop in arteries, joints, skin, soft tissue and other organs. Increased coronary artery calcification is associated with an increased risk of heart disease, stroke and death.

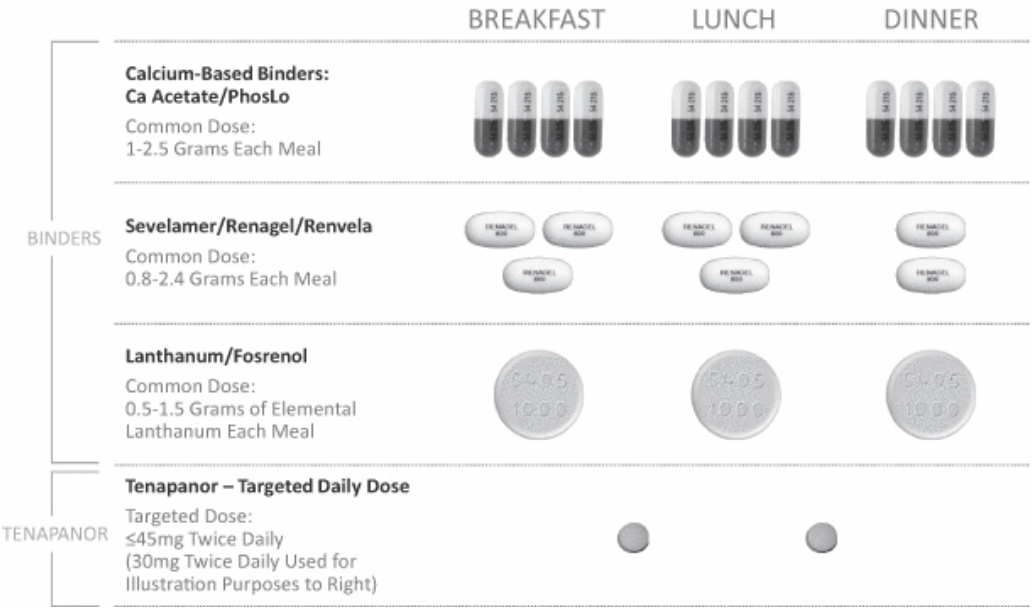
Limitations of current products for hyperphosphatemia

Since dialysis is unable to efficiently eliminate excess phosphorus, ESRD patients are put on restrictive low phosphorus diets and are prescribed medications called phosphate binders, the only pharmacologic interventions currently marketed for the treatment of hyperphosphatemia. Binders are a collection of drugs whose function is to bind, or absorb, dietary phosphorus and are taken in conjunction with meals and snacks. They include calcium or lanthanum, a rare-earth metal, which bind to and precipitate with dietary phosphate in the GI tract. The goal is for patients to excrete the precipitated phosphorus in their stool. A limitation of this approach is the systemic absorption of calcium or lanthanum, resulting in side effects and other unintended consequence for ESRD patients. In an effort to eliminate these unwanted side effects, non-absorbed exchange resins, such as sevelamer were developed to bind to phosphate in the GI tract and to be eliminated in stool.

Safety and tolerability have been significant concerns with many approved phosphate binders. The more common side effects of approved phosphate binders include long-term vascular calcification, nausea and vomiting, ileus or disruption of the normal propulsive ability of the GI tract.

ESRD patients take on average 10-14 oral medications each day, and they are severely restricted in their fluid intake. In addition, to control their serum phosphorus, their phosphate binder-related pill burden is significant, typically consisting of nine or more pills a day. The amount of phosphate a binder can remove is limited by its binding capacity, and therefore, increasing the dose, and the pill burden, of the binder is the only way to increase the amount of phosphate being bound and excreted. As a result, prescribed binder doses are intolerable for many patients.

The effectiveness of current treatment with phosphate binders is limited. For example, in a 2012 study conducted by Amgen in 1,430 ESRD patients on hemodialysis in the United States in which 89% of the patients in the study had previously been prescribed phosphate binders, the average baseline serum phosphorus level was 6.4 mg/dL, significantly above the target for dialysis patients of 5.5 mg/dL and far above normal serum phosphorus levels of 2.6 to 3.8 mg/dL. Other studies suggest that this lack of efficacy is due primarily to poor patient compliance associated with significant pill burden and other tolerability issues.



The above graph does not reflect actual size but is to scale.

Size of the hyperphosphatemia market

According to the most recent data available from the U.S. Renal Data System, in 2011 there were 395,656 patients on hemodialysis in the United States. Additionally, according to the European ERA-EDTA Registry 2011 Annual Report and a study in 2010 by the Japanese Society for Dialysis Therapy, there were approximately 270,000 patients on hemodialysis in Europe and about 250,000 in Japan. We estimate, based on phosphate binder utilization, the only approved therapies for hyperphosphatemia, that there are about 270,000, 215,000 and 220,000 ESRD patients with hyperphosphatemia in the United States, Europe and Japan, respectively. The worldwide market for phosphate binders in 2011 was reported to be approximately $1.5 billion and is projected to reach $2.3 billion by 2015. Although phosphate binders are not approved by the U.S. Food and Drug Administration, or FDA, for the treatment of hyperphosphatemia in CKD patients, in other major markets such as Europe and Japan, phosphate binders are approved for the treatment of hyperphosphatemia in Stages 3 and 4 CKD patients.

Preclinical and clinical data supporting tenapanor in hyperphosphatemia

Several preclinical and clinical studies have shown tenapanor's ability to inhibit the absorption of dietary phosphorus while maintaining an attractive safety and tolerability profile. In rats with normal renal function, tenapanor administered orally was able to significantly reduce urinary phosphorus. In a rat model of CKD, tenapanor reduced urinary and serum phosphorus and improved blood uremic markers indicative of improved renal status. Additionally in this model, tenapanor significantly improved survival, reduced aortic and gastric calcification, and reduced blood levels of FGF23, an important serum endocrine hormone that regulates phosphorus metabolism.

In four separate clinical trials tenapanor has consistently demonstrated the ability to inhibit the absorption of dietary phosphorus as measured by a decrease of urinary phosphorus and/or an increase of fecal phosphorus. The fecal phosphorus results in the studies described below were similar to those from a Phase 1 study in healthy adult volunteers published in 1997 by GelTex, where sevelamer was dosed at 5g three times daily, about 500 times the dose of tenapanor used in our studies.

- RDX5791-101: In this first-in-man clinical trial of tenapanor in healthy adults, doses of 3 to 100 mg administered once daily for 7 days produced increased fecal phosphorus as compared to placebo, suggesting that dietary phosphorus was diverted to the feces.
- RDX5791-102: In this Phase 1b study in healthy adults, tenapanor administered once, twice or three times daily for 7 days at various total daily doses of 30 to 120 mg consistently increased fecal phosphorus as compared to placebo.
- D5611C00002: In this Phase 1 clinical trial, designed to evaluate different formulations, 15 mg of tenapanor was administered twice daily to healthy adults. Tenapanor reduced urinary phosphorus compared to baseline.
- D5611C00006: In this Phase 1 clinical trial to evaluate drug-drug interactions, tenapanor alone, versus baseline, increased fecal phosphorus and decreased urinary phosphorus.

We and AstraZeneca are encouraged by the consistency of these data and as a result have commenced a Phase 2b clinical trial designed to evaluate tenapanor's ability to lower serum phosphorus in dialysis patients.

Development plans for tenapanor in hyperphosphatemia

We and AstraZeneca have initiated a Phase 2b clinical trial to evaluate the effects of tenapanor on serum phosphorus in hemodialysis patients with hyperphosphatemia. The study is designed to evaluate several doses and dosing schedules, including once and twice daily dosing schedules, in a wide range of doses designed to find the minimum effective dose. We expect to receive results for this trial in the first half of 2015.

Based on the results of this study and AstraZeneca's decision to seek concurrence by the FDA, this study may be accepted for use as a pivotal Phase 3 trial. Additionally, upon successful completion of the Phase 2b trial, we expect that AstraZeneca would initiate either one or two pivotal Phase 3 studies in the second half of 2015 for hyperphosphatemia.

Tenapanor's competitive advantage in hyperphosphatemia

Given that the objective is to lower serum phosphorus levels to below 5.5 mg/dL in dialysis patients, and that many of these patients are unable to accomplish this goal with currently marketed phosphate binders, there is a clear medical need for new treatments for hyperphosphatemia. We believe that there is a significant opportunity for new agents with demonstrated efficacy, a strong safety profile, and significantly lower pill burden.

We believe that tenapanor, if approved, has the potential to have the lowest pill burden among any of the marketed hyperphosphatemia drugs, with milligram rather than gram quantities dosed once or twice daily. In addition, we and AstraZeneca may evaluate whether tenapanor has the potential to be used in combination with phosphate binders for those patients who cannot achieve adequate phosphate control with a single agent.

Tenapanor for treating CKD: potential long-term benefit from sodium control

In an ongoing Phase 2a trial, we and AstraZeneca are exploring the potential benefit of tenapanor in treating patients with CKD who still have some renal function and are not yet on dialysis. In order to explore the benefits of tenapanor in this population, we are initially evaluating tenapanor for its effect on markers of kidney disease and fluid status.

The decline in renal function in patients with CKD is initially asymptomatic and the rate of disease progression varies based on genetics, ethnicity, the underlying cause, such as cardiovascular disease, diabetes, and many other factors. As the disease progresses, signs and symptoms of CKD become more apparent and include fluid overload, hyperkalemia, metabolic acidosis, hypertension, anemia, and mineral and bone disorders. Therapy to delay progression of the disease focuses on blood pressure control and reduction in urinary protein excretion.

If the results of the ongoing Phase 2a study demonstrate that tenapanor offers a benefit by decreasing elevated urine albumin to creatinine ratio, or UACR (a measure that roughly correlates with kidney disease severity and which has a significant component that may be independent of any blood pressure effect), we believe this may give us insight into the potential long-term benefit of tenapanor on delaying the progression of kidney disease.

CKD is defined as abnormalities of kidney structure or function, present for more than three months, and is categorized by five general stages of progression (stages 1-5), according to estimated glomerular filtration rate, or eGFR. Stage 3b and beyond are generally considered to be late-stage CKD.

Sodium and fluid overload in CKD

In CKD patients, failing kidneys are less efficient at blood filtration and sodium elimination resulting in fluid and sodium overload. This fluid overload correlates with the rapid decline of kidney function and the eventual requirement for renal replacement therapy including hemodialysis. The effects of fluid overload include high blood pressure, worsening kidney and heart disease, fluid in the lungs (edema) causing dyspnea (shortness of breath) and ultimately poor survival. Fluid overload has been shown to be an independent predictor of mortality in both hemodialysis patients and in CKD patients.

In a study of CKD patients where sodium intake was restricted, the investigators demonstrated that by merely decreasing sodium intake that they were able to reduce blood pressure and albuminuria in those patients. Those two measures alone are indicators that kidney function may be improving. Although generally acknowledged that excess sodium intake should be curtailed in this population, it is also recognized that the majority of people who are told to restrict sodium intake are non-compliant. We believe that the pharmacologic approach we are taking with tenapanor may have the same impact.

We believe that, if we are successful in demonstrating an improvement in UACR, our ongoing Phase 2a clinical trial of tenapanor in CKD patients will provide data to allow for further investment in larger trials evaluating tenapanor's ability to delay disease progression. We expect to receive results from the ongoing Phase 2a study in the second half of 2015.

Limitations of current approaches to delay CKD progression

In an effort to preserve renal function, physicians often suggest a number of interventions and life-style modifications; however, most of them are quite cumbersome and lead to poor patient compliance. Although low sodium diets are generally required for all CKD patients, most patients are generally poorly compliant for a variety of reasons, including cost, lack of availability of low sodium foods and the inability to change eating habits.

Most CKD patients are also treated with a combination of therapies designed to delay progression of kidney disease by controlling diabetes, blood pressure and decreasing fluid retention. Diuretics are often prescribed to inhibit sodium re-uptake in the kidney and increase urinary sodium and water excretion. However, diuretics lose efficacy as kidney function declines, and are known to cause electrolyte disorders such as hypokalemia (low potassium) and metabolic alkalosis (high bicarbonate level in the blood). Hypertension medications referred to as ACE inhibitors, ARBs and mineral corticoid receptor blockers also reduce blood pressure associated with fluid overload, which in turn can delay the rate of progression of CKD. In addition, these agents, particularly mineral corticoid receptor blockers, can result in hyperkalemia (high potassium), preventing their widespread use in CKD patients.

Size of late-stage CKD market

Worldwide, there are about 64.6 million patients with stage 3 or 4 CKD all of which are at significant risk of kidney disease progression, heart disease caused by vascular calcification and premature death. There are approximately 3.6 million patients in the United States with stage 3b and 4 CKD. There are about 8.5 million and 2.3 million patients with stage 3b or 4 CKD in Europe and Japan, respectively. Of these, there are about 1.8 million, 1.7 million and 0.6 million patients in the United States, Europe and Japan, respectively, that have both CKD and type 2 diabetes, the patient population currently studied in the ongoing Phase 2a CKD clinical trial.

Preclinical and clinical data supporting tenapanor for CKD

In preclinical models rats with CKD that were fed a high salt diet and exhibited hypervolemia, cardiac hypertrophy and arterial stiffening, had improved measures of cardio-renal function including a dose-dependent reduction of extracellular fluid volume, left ventricular hypertrophy, albuminuria, and blood pressure in a dose-dependent manner with administration of tenapanor. We observed these effects whether tenapanor was administered prophylactically or after disease was established. In these studies, tenapanor also prevented increases in glomerular area and urinary KIM-1, both markers of renal injury. In addition, rats dosed with a combination of tenapanor and the blood pressure medication enalapril showed improvement in cardiac diastolic dysfunction and arterial pulse wave velocity relative to those animals dosed with enalapril alone.

In human studies, tenapanor reduced urinary sodium excretion by 20 to 50 mmol/day and led to an increase of similar magnitude in stool sodium.

The results of these preclinical and clinical studies suggest that therapeutic alteration of sodium transport with tenapanor in the gastrointestinal tract could lead to improvements in CKD and has informed the design of our development plan.

Development plans for tenapanor in CKD

We and AstraZeneca have commenced an Phase 2a, randomized, double-blind, placebo-controlled, parallel design study to evaluate the safety, tolerability, and pharmacodynamics of tenapanor in CKD patients with type 2 diabetes, albuminuria and high blood pressure.

With positive results from this Phase 2a study, we expect that AstraZeneca would commence a Phase 2b clinical program to evaluate the long-term benefit of sodium and fluid reduction in the CKD patient population. If the Phase 2b clinical program is successful, and should AstraZeneca decide to move forward with the development of tenapanor in the CKD patient population, we believe the Phase 3 clinical program could include endpoints such as the delay of the progression of kidney disease as measured by eGFR percentage of patients who progress to ESRD, cardiovascular events and survival.

Tenapanor for treating IBS-C

Tenapanor is being evaluated in a randomized Phase 2b, double-blind, placebo-controlled clinical trial in 371 IBS-C patients to evaluate the effect of tenapanor on the frequency of bowel movements versus placebo.

Enrollment is completed and the results of this clinical trial are expected in the fourth quarter of 2014. IBS-C is a GI disorder in which abdominal pain or discomfort is associated with constipation, which significantly affects the health and quality of life of affected patients. It is unknown what causes IBS-C. There is no specific test or biomarker for IBS-C and therefore, its presence is diagnosed by symptoms and by eliminating other disorders. IBS-C is very similar to chronic constipation and it is clinically distinguished by a significant pain component.

Limitations of current products for IBS-C

Numerous treatments exist for the constipation component of IBS-C, many of which are over-the-counter. We are aware of two prescription products marketed for IBS-C, Linzess (linaclotide) marketed by Ironwood Pharmaceuticals and Forest Laboratories and Amitiza (lubiprostone) marketed by Sucampo and Takeda. In Phase 3 clinical trials of Linzess in IBS-C patients, up to 20% more patients receiving Linzess than placebo reached the primary endpoint, indicating a significant response during 6 out of 12 weeks of treatment. In these studies, Linzess caused diarrhea in up to 17% more patients than placebo. Amitiza also causes significant levels of nausea and diarrhea.

Preclinical and clinical data supporting tenapanor in IBS-C

Prior to initiating our IBS-C clinical program, we generated a variety of evidence from animal studies which suggested that tenapanor would be effective in treating constipation disorders and IBS-C in particular. Rats treated with tenapanor exhibited a dose-dependent increase in both fecal water content and fecal form score in which higher scores mean looser stools. Similar results were observed in mouse, rabbit, dog, and non-human primates. In animal studies, we also showed that tenapanor transiently increases water content and transit rate in all segments of the intestinal tract, which is consistent with reported expression patterns of tenapanor's target, NHE3. In a rat model of visceral hypersensitivity, tenapanor reduced or abolished stress-induced hypersensitivity to colorectal distention at two different doses without affecting the overall tone or relaxation effect in the relevant tissue.

Results from two separate Phase 1 clinical trials were supportive of pursuing applications of tenapanor in constipation indications. For example, tenapanor administration reduced the median time to first post-treatment bowel movement, increased a measure of stool consistency (the Bristol Stool Form Scale), and increased average stool weight. Twice-daily dosing was shown to increase the pharmacodynamic response of tenapanor. On the basis of the Phase 1 results, we initiated and completed a Phase 2a study to evaluate complete spontaneous bowel movements in subjects with IBS-C. Although this primary endpoint was not met, we determined that the 100 mg once daily dose demonstrated activity consistent with an IBS-C drug with an incidence of diarrhea that was no different than placebo. In this randomized, placebo-controlled study, tenapanor was generally well-tolerated when administered once daily for 4 weeks at doses of 10 mg, 30 mg and 100 mg (n=46-47/group). The results from these studies provided support for the design and initiation of a Phase 2b clinical trial evaluating twice daily dosing.

Tenapanor's competitive advantage in IBS-C

We believe that tenapanor may offer a significant benefit over currently marketed drugs like Amitiza and Linzess, due in part, to the potential to adjust the dose and/or dose frequency of tenapanor in order to optimize its efficacy. The data we have generated in both animal and human studies have suggested that the effect of tenapanor for the treatment of IBS-C can be modulated by adjusting its dose and dose frequency.

In our Phase 1 clinical trials in healthy adults, we observed a consistent increase of fecal sodium when the once daily dose was increased from 3 mg to 100 mg, and we observed an approximate doubling of fecal sodium when the frequency of dosing was increased to twice daily. In all of our studies, we have seen that stool form change correlates with the amount of sodium diverted. In our Phase 2a clinical trial in IBS-C patients, we dosed up to 100 mg once daily and observed activity consistent with an IBS-C drug and an incidence of diarrhea, a significant limitation of other IBS-C drugs, that was similar to placebo. Our fully enrolled Phase 2b clinical trial is designed to explore the effect of twice daily dosing at various dose levels to determine if greater diversion of sodium equates to a greater effect and a larger percentage of patients meeting the primary endpoint.

We will require large clinical trials in IBS-C patients to confirm this titration effect of tenapanor and its effect on efficacy and safety.

Size of the IBS-C market

Based on reports in the literature regarding the prevalence of IBS in the U.S. population and the percentage of individuals who have IBS-C as opposed to other forms of IBS, we estimate that approximately 1.4% of the U.S. population has IBS-C, or about 4.4 million individuals. Of those, approximately 1.0 million patients have been diagnosed with IBS-C. Additionally, there are about 6.6 million IBS-C patients in Europe and about 3.4 million in Japan. The per-patient economic burden of IBS-C is estimated to be $1,500 to $7,500 per year in direct costs and $800 to $7,700 per year in indirect costs, implying the total burden in the United States is $2 billion to $15 billion.

Development plans for tenapanor in IBS-C

We and AstraZeneca have completed enrollment of a 12-week randomized, placebo-controlled Phase 2b study of tenapanor in a population of IBS-C patients that is substantially similar to that studied in the four-week Phase 2a study. We expect to receive results from this study in the fourth quarter of 2014. If this study is successful and AstraZeneca decides to move forward with the development of tenapanor in IBS-C, we expect that the Phase 3 pivotal studies would be similar to those conducted in the development of Linzess.

Tenapanor clinical program

Safety and tolerability

Tenapanor has been administered to over 765 subjects to date including 291 healthy volunteers, 410 IBS-C subjects and 65 subjects with CKD and ESRD. Tenapanor has been administered in a single dose of up to 900 mg and for a period of up to 3 months at 100 mg/day. We have seen little to no absorption of tenapanor into the blood with less than 0.7% of all tested serum samples having any detectable levels of tenapanor. Tenapanor has been observed to be generally well-tolerated in clinical studies. All findings were consistent with findings for non-systemic drugs, where dose-limiting side effects are due to the exaggerated pharmacology of the drug and, in the case of tenapanor, such side effects include diarrhea, nausea, flatulence, abdominal discomfort, abdominal pain, and abdominal distention. All serious adverse events reported thus far have been assessed as unrelated to tenapanor by the study investigators, by us and by AstraZeneca.

Summary of clinical results

Tenapanor has been observed to inhibit the absorption of both dietary sodium and phosphate in healthy volunteers. These findings have been confirmed in ESRD patients on hemodialysis in a Phase 2a proof-of-concept study. Based on these observations from early clinical studies, a number of clinical development programs are ongoing to fully evaluate the utility of tenapanor in treating different disease conditions. Based on the ability of tenapanor to inhibit the absorption of dietary sodium, a Phase 2a study in CKD patients with type 2 diabetes mellitus, albuminuria and elevated systolic blood pressure is ongoing to examine the ability of tenapanor to decrease albuminuria, a measure that roughly correlates with decline in kidney function. A Phase 2b clinical trial is also ongoing in IBS-C patients to examine the ability of tenapanor to increase the number of weekly bowel movements and reduce abdominal pain. Based on its ability to inhibit the absorption of dietary phosphorus, a Phase 2b clinical trial is ongoing in ESRD patients with hyperphosphatemia to examine the ability of tenapanor to reduce serum phosphorus levels. The following chart provides a general overview of our clinical program to date for tenapanor:

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Trial (Conducted by)	Subjects (active/ placebo)	Objectives	Indication (Status)	Dose Levels(1)	Conclusions
Phase 1 Trials					
RDX5791-101 (Ardelyx)	80 (62/18)	Safety, tolerability, pharmacodynamics and pharmacokinetics of single and multiple doses of tenapanor. Effects on urinary and stool sodium excretion	Healthy adults (completed)	10, 50, 150, 450, 900 mg –single dose 3, 10, 30, 100 mg QD for 7 days	• Tenapanor was well-tolerated • Tenapanor was pharmacodynamically active • Tenapanor was minimally systemically available
RDX5791-102 (Ardelyx)	105 (84/21)	Pharmacological activity, safety and tolerability of TID, BID and QD dosing of tenapanor	Healthy adults (completed)	15, 30, 60 mg BID 30 mg QD 30 mg TID for 7 days	• Tenapanor was well-tolerated • Tenapanor increased stool sodium excretion and reduced urinary sodium excretion • Tenapanor increased stool phosphorus excretion
D5611C00002 (Ardelyx)	18 (18/0)	Pharmacological activity of different formulations of tenapanor	Healthy adults (completed)	15 mg BID	• Tenapanor increased fecal phosphorus and reduced urine phosphorus
D5611C00003 (AstraZeneca)	37 (37/0)	Pharmacological activity of tenapanor with and without food (Part A) and pharmacological activity of free-base tenapanor with and without omeprazole (Part B)	Healthy adults (completed)	15 mg BID	• Trial results under evaluation and have not yet been released
D5611C00005 (Ardelyx)	83 (66/17)	Safety, tolerability, and pharmacokinetics of single and multiple doses of tenapanor in Japanese subjects	Healthy adults (completed)	180 mg – single dose 15, 30, 60, 90 mg BID	• Trial results under evaluation and have not yet been released
D5611C00006 (Ardelyx)	16 (16/0)	Pharmacological activity of tenapanor when administered with Renvela	Healthy adults (completed)	15 mg BID	• Tenapanor activity was similar with and without administration with Renvela for both the increase of fecal sodium and phosphorus
D5611C00007 (AstraZeneca)	8 (8/0)	The absorption, distribution, metabolism and excretion (ADME) of a single oral dose of ^{14}C-labelled tenapanor in healthy male volunteers	Healthy adults (ongoing)	15 mg QD	Pre-specified primary analysis: • To characterise the metabolism, excretion and pharmacokinetics of a single oral dose of (^{14}C)-tenapanor in healthy male subjects
Phase 2a Trials					
RDX5791-201 (Ardelyx)	186 (139/47)	Safety, tolerability, and pharmacodynamics of tenapanor for the treatment of constipation-predominant irritable bowel syndrome (IBS-C)	IBS-C (completed)	10, 30, 100 mg QD	• Tenapanor was well-tolerated • The results of this study provide preliminary evidence of the ability of tenapanor to alleviate symptoms associated with IBS-C
D5610C00001 (Ardelyx)	140 (70/70)	Safety, tolerability, and pharmacodynamics of tenapanor in CKD patients with type 2 diabetes mellitus and albuminuria	CKD – Na & Fluid (ongoing)	5, 15, 30, 60 mg BID titration	Pre-specified primary analysis: • To compare the effect of tenapanor versus placebo on the changes in urine albumin-to-creatinine ratio (UACR) from baseline to week 12
D5611C00001 (Ardelyx)	88 (45/43)	Safety, tolerability, and pharmacodynamics of tenapanor in ESRD-HD patients with elevated interdialytic weight gain (IDWG)	ESRD-Fluid (completed)	Dose between 5 and 90 mgs	• Tenapanor was well-tolerated • No effect on IDWG • Increase in stool sodium excretion • Minimal to no systemic exposure

Trial (Conducted by)	Subjects (active/ placebo)	Objectives	Indication (Status)	Dose Levels(1)	Selected Results
Phase 2b Trials					
D5612C00001 (Ardelyx)	360 expected (270/90); 371 enrolled	Efficacy and safety of tenapanor for the treatment of constipation-predominant irritable bowel syndrome (IBS-C) Determination of Phase 3 dose(s)	IBS-C (ongoing; enrollment completed)	5, 20, 50 mg BID	Pre-specified primary analysis: • Percent CSBM responders (weekly responders for 6/12 weeks; ≥1 CSBM from baseline) vs. placebo
D5613C00001 (AstraZeneca)	150 (125/25)	Efficacy and safety of tenapanor for the treatment of hyperphosphatemia in ESRD-HD patients Determination of Phase 3 dose(s)	ESRD-hyperphosphatemia (ongoing)	3, 30 mg QD 1, 3, 10, 30 mg BID	Pre-specified primary analysis: • The change in serum phosphate levels from the end of wash out (pre randomization value) to end of treatment

(1) For purposes of this prospectus, QD means once a day, BID means twice a day and TID means three times a day.

In the discussion below, statistical significance is denoted by p-values. The p-value is the probability that the reported result was achieved purely by chance (e.g., a p-value <0.001 means that there is a less than a 0.1% chance that the observed change was purely due to chance). Generally, a p-value less than 0.05 is considered statistically significant.

Phase 1 trials

- **RDX5791-101 (completed):** In this first-in-human clinical trial, healthy volunteers received either a fixed dose of tenapanor or placebo once daily for either 1 day or 7 consecutive days. The objectives of this trial were:
  - Primary: To evaluate the safety of tenapanor capsules
  - Secondary: To determine the pharmacokinetics of tenapanor capsules
  - Secondary: To determine the pharmacodynamics of tenapanor capsules as assessed by bowel movement timing, consistency, and frequency, and by urine sodium excretion

  This trial demonstrated that single doses up to 900 mg and multiple doses up to 100 mg for 7 consecutive days of tenapanor were well-tolerated. In the multiple-dose phase, only 2 of 576 plasma samples had any detectable tenapanor (< 1 ng/mL), confirming that tenapanor is minimally systemically available. Administration of multiple doses of tenapanor resulted in a decrease in urinary sodium excretion ($p < 0.05$ at scattered time points). Time to first bowel movement was slightly reduced with tenapanor (not statistically significant), and consistency was generally greater (not statistically significant). As expected for individuals with normal renal function, there was no change in serum sodium levels. In addition, in *post hoc* analysis we observed a significant, dose-dependent, increase in fecal sodium excretion at doses of 10 to 100 mg/day compared with placebo ($p < 0.05$), and an increase in stool phosphorus excretion ($p < 0.05$) as compared to placebo.
- **RDX5791-102 (completed)**: In this second completed Phase 1 trial, healthy volunteers were administered a daily dose of 30-120 mg/day of tenapanor either once, twice or three times a day. The objectives of this trial were:
  - Primary: To evaluate the safety of different dosing regimens of tenapanor capsules
  - Secondary: To determine the pharmacodynamics of different dosing regimens of tenapanor capsules as assessed by bowel movement timing, consistency, frequency, and by urine and stool sodium excretion.

Tenapanor was well-tolerated in this study. Least square means with 95% confidence intervals were used to evaluate responses; no p-values were calculated. In all cohorts receiving tenapanor, an increase in 24-hour stool sodium with a concomitant decrease in 24-hour urine sodium was observed. The magnitude of the response appeared to be dose-dependent with those cohorts receiving the highest doses of tenapanor showing greater changes from baseline than subjects receiving placebo. Twice daily dosing appeared to be more effective in reducing urine sodium as compared with once daily dosing. Tenapanor increased the frequency of bowel movements and stool weight. In *post hoc* analysis, tenapanor (15 mg, 30 mg, 60 mg BID, 30 mg TID), also caused an increase in 24-hour stool phosphorus.

- **D5611C00002 (completed)**: This Phase 1 trial was an open-label, three-way cross-over trial designed to evaluate the pharmacological activity of three different formulations (capsules versus tablets) of tenapanor. The objectives of this trial were:
  - Primary: To evaluate the pharmacodynamics for a tenapanor HCl capsule, a tenapanor HCl tablet and a tenapanor free base tablet
  - Secondary: To evaluate the safety and pharmacokinetics of tenapanor

  Least square means with 90% confidence intervals were used to evaluate responses; no p-values were calculated. The results demonstrated a similar increase in fecal sodium and phosphorus excretion and a concomitant decrease in urinary sodium and phosphorus excretion using the tablet formulation. The results demonstrated that the pharmacological activity of tenapanor in a tablet formulation was similar to previous results. Tenapanor was well-tolerated in this study and minimal systemic availability was confirmed.
- **D5611C00003 (completed)**: This Phase 1 trial was an open-label, three-way cross-over trial designed to determine whether food intake affects the pharmacodynamics activity of tenapanor. Subjects received tenapanor 5-10 minutes before breakfast and dinner, 30 minutes after breakfast and dinner, or in a fasted state. Trial results are under evaluation and have not yet been released.
- **D5611C00005 (completed)**: This Phase 1 trial was a double-blind, placebo-controlled study to assess the safety, tolerability, pharmacokinetics and pharmacodynamic effects in healthy male and female Japanese subjects. Doses up to 180 mg for 7 consecutive days of tenapanor were administered. Trial results are under evaluation and have not yet been released.
- **D5611C00006 (completed)**: This Phase 1 trial was a single-center, randomized, open-label study to evaluate the effect of Renvela on the pharmacological activity of tenapanor administered twice a day for 4 days in healthy male and female subjects. The objectives of this trial were:
  - Primary: To evaluate the effect of Renvela on the pharmacodynamic activity of tenapanor
  - Secondary: To evaluate the safety and pharmacokinetics of tenapanor

  Least square means with 90% confidence intervals were used to evaluate responses; no p-values were calculated. The effect on stool and urine sodium was comparable for the two treatments (tenapanor alone and tenapanor with Renvela). The effect on stool and urine phosphorus, and urine potassium and creatinine was similar for the two treatments (tenapanor alone and tenapanor with Renvela). No tenapanor was detected in blood plasma (all samples were below the limit of quantification). Tenapanor administered with or without Renvela was well-tolerated in this study. Since Renvela is the most commonly used phosphate binder and it could have potentially interfered with the activity of tenapanor, this study was performed to support the Phase 2a study in ESRD patients. The results demonstrated that Renvela had no effect on the pharmacological activity of tenapanor.
- **D5611C00007, ClinicalTrials.gov Identifier NCT02063386 (ongoing)**: This is an open-label, single dose study in 8 healthy male subjects to characterize the metabolism, excretion and pharmacokinetics of a single oral dose of 15 mg (14C)-tenapanor in healthy male subjects. The study is designed to measure the concentration of total radioactivity in blood and its ratio to the concentration of total

radioactivity in plasma. The percentage of the administered radioactivity recovered in urine and feces and the percentage of radioactive dose recovered overall will be measured. Determination of the presence of metabolites in plasma, urine and feces will also be measured, if possible. This study is being performed to support the regulatory dossier of tenapanor as a minimally absorbed drug.

Phase 2a trials

- **IBS-C Phase 2a, RDX5791-201, ClinicalTrials.gov Identifier NCT01340053 (completed)**: This was a multi-center, randomized, double-blind, placebo-controlled Phase 2a study in subjects with IBS-C. 186 subjects were randomized, including 46 subjects in both the 10 mg and 100 mg groups and 47 subjects in both the 30 mg and placebo groups. This 8-week study included a 2-week treatment-free screening period, a 4-week blinded treatment period, and a 2-week treatment-free follow-up period. The primary objective of this study was to evaluate the safety of tenapanor and the secondary objective was to evaluate the efficacy of tenapanor. The endpoints evaluated in this study were:
  - Primary: Change in weekly complete spontaneous bowel movement, or CSBM, frequency from the 14 day pretreatment baseline period to the end of the 4 week treatment period.
  - Secondary: Daily/weekly assessments of other bowel habits including spontaneous bowel movement, or SBM, frequency, stool consistency, degree of straining, degree of bloating, degree of abdominal pain, rescue medication usage, IBS severity, IBS-QOL, adequate relief of IBS symptoms, global relief of IBS symptoms, and treatment satisfaction. Percentage of patients reporting > 3 weekly CSBMs, an increase over baseline of > 1 weekly CSBMs, and a decrease in abdominal pain of >30% and an increase in > 1 weekly CSBMs from baseline for each week of the study.

  The mean changes from baseline in the 30 mg and 100 mg tenapanor groups were greater than in the placebo group, but the overall test of equality of the 3 treatment arms was not statistically significant. A significant difference in mean change from baseline for weekly CSBM frequency was noted between placebo and the 30 mg and 100 mg tenapanor groups at Week 1 ($p < 0.05$). Subjects who received 100 mg tenapanor were twice as likely to have >3 CSBM frequency rates in comparison to subjects in the placebo group at this time point. Further, the proportion of subjects with weekly CSBM frequency >1 was higher in the active treatment groups compared with the placebo group for all on-treatment assessments, although the differences were not statistically significant.

  The difference in mean changes in SBMs from baseline between the placebo group and the 30 mg and 100 mg tenapanor groups was significant at Weeks 1 and 4. The differences in mean changes from baseline for stool consistency scores between the placebo group and the tenapanor 30 mg and 100 mg groups were statistically significant ($p < 0.05$) at all study weeks. There were significant differences ($p < 0.05$) in mean changes from baseline from Weeks 2 to 4 between the straining scores reported by subjects in the placebo group in comparison to subjects who received tenapanor 30 mg or 100 mg.

  The proportion of subjects reporting a >30% decrease from baseline in the average weekly degree of abdominal pain score was generally higher for subjects in the 100 mg tenapanor group throughout the treatment period; however, a significant difference between subjects in the placebo group and subjects who received 30 mg and 100 mg of was reported only at Week 2 ($p < 0.05$). Although we were under powered (too few subjects) to demonstrate statistical significance, in order to plan for our Phase 2b and Phase 3 trials, we examined the current approval endpoints for IBS-C. There was a significant difference ($p< 0.05$) at Week 2 with subjects in the tenapanor 100 mg group approximately 1.5 times more likely to have a >30% decrease from baseline in average weekly degree of abdominal pain and >1 increase from baseline in weekly CSBM frequency as subjects in the placebo group.

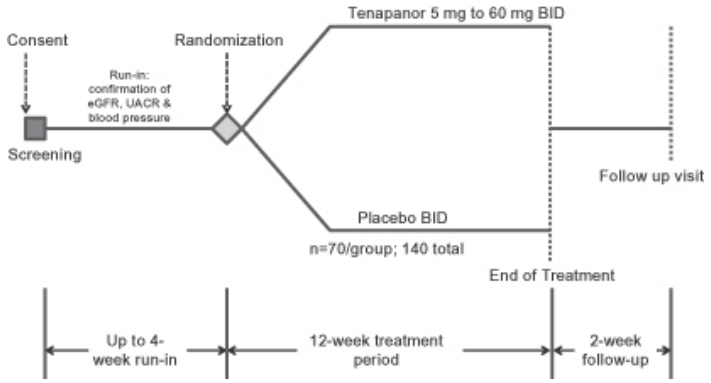
  Improvements were noted for subjects who received tenapanor in the degree of bloating, average degree of abdominal pain, relief of IBS symptoms, IBS severity, and IBS quality of life measurements; however, the differences between active treatment and placebo were not statistically significant. The

proportion of subjects who reported they were quite or very satisfied with treatment was 36%, 36% and 41% in the 10 mg, 30 mg, and 100 mg RDX5791 groups, respectively, compared with 26% in the placebo group, which was not statistically significant. These data demonstrated consistent effects of tenapanor in multiple endpoints and supported the design of a Phase 2b clinical trial in IBS-C patients.

- **ESRD-Fluid Phase 2a, D5611C00001 ClinicalTrials.gov Identifier, NCT01764854 (completed)**: This Phase 2a study was a randomized, double-blind, placebo-controlled, parallel design study to evaluate the pharmacodynamics, safety, and tolerability of tenapanor in ESRD patients with fluid overload. Trial results are still under evaluation; preliminary results are available. The objectives of this study were:
  - Primary: To compare the effect of tenapanor versus placebo on the reduction of interdialytic weight gain, or IDWG.
  - Secondary: To evaluate the safety and tolerability of tenapanor
  - Secondary: To evaluate the effect of tenapanor on stool sodium content during Week 1 in clinic
  - Secondary: To evaluate the effect of tenapanor versus placebo on the reduction of IDWG after weekly intervals of treatment
  - Secondary: To evaluate plasma concentrations of tenapanor

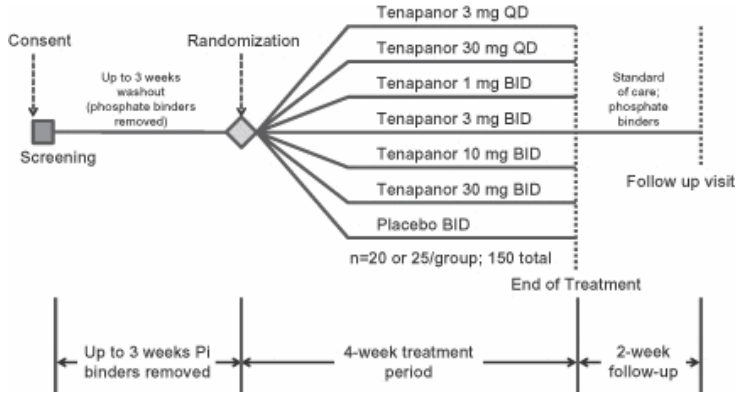
  There was no statistically significant difference between tenapanor and placebo in change of IDWG from baseline to week 4, the primary endpoint. We used this endpoint because interdialytic weight gain is driven by fluid intake which is usually driven by sodium intake; however, we believe that this result was due to dialysis practice in the US, where patients are dialyzed with and administered intravenous sodium concentrations higher than an individual patient's serum sodium level, thus offsetting the therapeutic benefit every 2 to 3 days. Additionally, we and AstraZeneca are evaluating the possibility, consistent with recent reports in the literature, that sodium may be stored short-term at high levels in the skin, muscles and vasculature, before affecting thirst and fluid retention. The pharmacological activity of tenapanor was confirmed by the increase in fecal sodium in the tenapanor group versus placebo. Tenapanor was well-tolerated and continued to display the non-systemic properties seen in previous studies.
- **CKD Phase 2a, D5610C00001, ClinicalTrials.gov Identifier NCT01847092 (ongoing)**: This is an exploratory Phase 2a, randomized, double-blind, placebo- controlled study to evaluate pharmacodynamics of tenapanor in 140 patients with stage 3 CKD, type 2 diabetes mellitus with albuminuria and elevated systolic blood pressure. The study consists of a 4-week run-in period, 12 weeks of blinded treatment with tenapanor 5, 15, 30, or 60 mg BID or placebo, and a 2-week follow-up period.

Pharmacodynamic assessments, or assessments of biological effects of tenapanor, include the following measures: Urine albumin-to-creatinine ratio (UACR) and eGFR (s-creatinine, and s-cystatin-c) which are indications of kidney function, blood pressure, bioimpedance a measure of excess body fluid, mean weekly stool consistency and stool frequency and urinary and blood markers associated with kidney disease. Safety assessments are performed at regular intervals and include physical examinations, vital signs, body weights, electrocardiograms, and laboratory results from blood and urine tests.



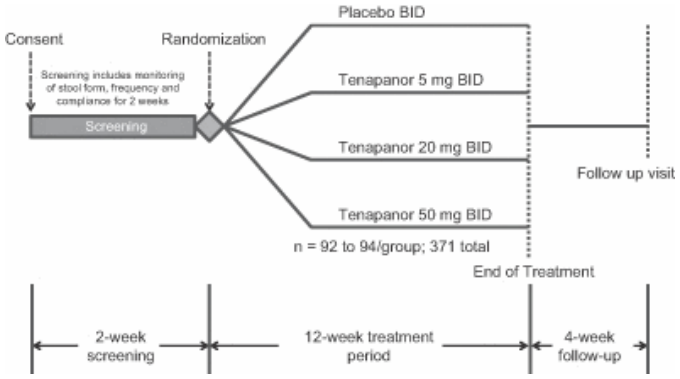
Phase 2b trials

- **ESRD-Phosphorus Phase 2b, D5613C00001, ClinicalTrials.gov Identifier NCT02081534 (ongoing)**: This is a randomized, double blind, placebo-controlled, parallel group, multicenter dose finding study to evaluate the efficacy, safety and tolerability of tenapanor to treat hyperphosphatemia in ESRD patients on hemodialysis. The study consists of a wash out period of up to 3 weeks where existing phosphorus lowering medication is withheld, a 4-week treatment period, and a follow-up period of 2 weeks. A total of 150 patients (20-25/group) are given tenapanor doses of either 1 mg, 3 mg, 10 mg or 30 mg twice a day or 3 mg and 30 mg once a day or matching placebo. To be randomized, patients must have a serum phosphorus level of at least 6.0 mg/dL (1.94 mmol/L) and have had an increase of at least 1.5 mg/dL (0.48 mmol/L) vs. pre wash out level. The primary objective of this study is to show effect of tenapanor versus placebo on the change in serum phosphorus levels from the end of wash out to end of treatment in hyperphosphatemic ESRD patients.



- **IBS-C Phase 2b, D5612C00001, ClinicalTrials.gov Identifier NCT01923428 (ongoing)**: This is a multi-center, Phase 2b, randomized, double-blind, placebo controlled study of tenapanor in subjects with IBS-C. The study consists of a 2-week screening period, a 12-week treatment period, and a 4-week follow-up period. Eligible subjects have been randomized 1:1 into one of four treatment groups (approximately 93 patients/group) for a total of 371 patients) at doses of 5 mg, 20 mg, or 50 mg of tenapanor or placebo, twice a day.

  The primary endpoint for this study is the percent complete spontaneous bowel movement (CSBM) responders; a CSBM is a bowel movement that feels complete and is not aided by the use of any other medication, like a laxative. In order to be a responder a patient needs to have an increase of at least one CSBM from baseline for 6 of the 12 treatment weeks.



RDX002 NaP2b Inhibitor for Hyperphosphatemia

Overview

RDX002 refers to our program aimed at discovering and evaluating small molecule inhibitors of the intestinal phosphate transporter NaP2b (also known as NaPi2b, Npt2b and SLC34A2). Our RDX002 program includes a portfolio of non-systemic NaP2b inhibitors in the discovery and preclinical stage of development. We have licensed this program to Sanofi, and under the terms of the agreement, Sanofi is responsible for completing discovery and preclinical work and, if it exercises its option, developing and commercializing at least one NaP2b inhibitor resulting from the program.

NaP2b is an intestinal phosphate transporter whose activity is believed to account for a significant portion of dietary phosphate absorption in humans. We believe the inhibition of NaP2b would provide utility for the treatment of hyperphosphatemia in ESRD patients.

We have identified several NaP2b inhibitors that showed activity *in vitro* and in animal models. In rats with normal renal function certain NaP2b compounds were able to reduce urinary excretion of phosphorus better than commercial phosphate binders such as sevelamer or colestilan, even when these compounds were dosed at approximately 1/8th of the dose of the commercial binders. In addition, our NaP2b compounds had additive effects when administered with sevelamer or colestilan. In a rat model designed to emulate CKD (5/6^{ths} nephrectomized rats where one full kidney and 2/3^{rds} of the second kidney are removed) one of our NaP2b inhibitors significantly reduced serum phosphorus and was additive or synergistic with sevelamer. This agent also significantly improved animal survival in the same model.

Rationale for product differentiation

Our identified NaP2b inhibitors work through a mechanism distinct from those employed by binders. Our NaP2b inhibitors are designed to inhibit NaP2b, one of the primary phosphate transporters in the gut. We have shown that our inhibitors are able to inhibit phosphate regardless of the amount of phosphate in the diet. We believe this mechanism would have a significant advantage over phosphate binders, and may allow us to significantly decrease pill burden while retaining a similar phosphorus effect. Additionally, we believe that the use of a NaP2b inhibitor in combination with a phosphate binder may allow the dose of the phosphate binder to be reduced. We cannot predict whether or not these effects will be seen until the appropriate clinical trials are conducted.

Other Development Programs

Utilizing our proprietary drug discovery and design platform, we are pursuing other internal discovery and lead-development programs that are currently in the research phase, which include our RDX009, RDX013 and RDX020 programs. While we have identified molecules that exhibit certain of the activity we are seeking in each of these programs, we have not yet selected a lead molecule in these programs.

RDX009 TGR5 agonists for IBD

Our RDX009 program is aimed at discovering and evaluating small molecule, orally-administered drug candidates that stimulate TGR5. We are initially focused on the treatment of IBD for proof-of-concept, but believe the stimulation of TGR5 may have utility in several other conditions, including short bowel syndrome.

TGR5 is a receptor present on the membrane of certain cells within the GI tract that responds to bile acids secreted in response to food. In the normal physiological response, binding of bile acids to TGR5 stimulates the production of hormones such as glucagon-like peptides 1 and 2 (GLP-1 and GLP-2). GLP-2 is involved in maintenance of the structural integrity of the gut as well as its growth. GLP-2 also communicates with immune cells including macrophages and is believed to serve a role in the reduction of the inflammation response.

We believe that endogenous and local secretion of GLP-2 triggered by the stimulation of TGR5 receptors may have significant therapeutic potential for the treatment of IBD. An injectable, stabilized form of GLP-2, called teduglutide (Gattex), is marketed for short bowel syndrome and has been studied in Crohn's disease. GLP-2 is hypothesized to work in IBD such as Crohn's disease and ulcerative colitis, or UC, by stimulating the repair of the gut and improving the structural integrity of gut wall that is damaged in patients with IBD. Additionally, the anti-inflammatory effects of GLP-2 may help reduce the inflammation present in IBD. Together these properties would represent a unique approach to treating IBD. We are therefore working to identify and optimize TGR5 agonists that can stimulate GLP-2 in rodent models of IBD.

Historically one of the limitations for the development of TGR5 agonists has been the observation with systemic compounds that stimulation of TGR5 in the gallbladder results in excess gallbladder filling, potentially increasing the risk of gallstones. Utilizing our approach to design small molecules, we have created novel TGR5 agonist candidates that have extremely low systemic exposure and we have shown that these agents do not result in excess gallbladder filling in preclinical animal models.

Recently, we have demonstrated that our TGR5 agonists are significantly more active in animal models of IBD if they are combined with an inhibitor of DPP4. This effect may be due to the mechanisms of DPP4 inhibitors, which prevent the degradation of GLP-2 in the body. Without a DPP4 inhibitor present, GLP-2 would rapidly degrade and disappear from the blood. DPP4 inhibitors lengthen the half-life of GLP-2. In animal models of colonic inflammation, the combination of our TGR5 agonists and a DPP4 inhibitor, both orally administered, have been able to significantly reduce various measures of disease severity. We continue to test our TGR5 agonists to determine a lead product that would be appropriate for beginning IND-enabling studies.

Inflammatory bowel disease primarily comprises UC and Crohn's disease. In UC, the first line of treatment involves mesalamine and related drugs, followed by corticosteroids and finally immune modulators such as cyclosporine and TNF inhibitors that are injectable. A last approach would be removal of the colon, or colectomy, which requires use of a removable bag to collect solid waste. About 30-50% of patients are treatment failures at each therapeutic stage. There are about 31,000 hospitalizations in the United States per year due to UC as a first-listed diagnosis and about 15% of UC patients progress to colectomy over a period of 20 years. There are about 400,000 patients in the United States with UC. In Crohn's disease, similar therapeutic agents are used; however, about 60% of Crohn's patients will progress over time and eventually require surgery to remove a portion of the most affected segment of the intestine. There are about 435,000 patients in the United States with Crohn's disease and about 73,000 hospitalizations in the United States per year due to Crohn's as a first-listed diagnosis.

The goal of therapies in IBD is to induce full healing of the intestinal tissue. Most agents do not focus on tissue healing, but instead focus on anti-inflammatory effects. TNF inhibitors, for example, are believed to work by reducing the inflammation associated with IBD to reduce progression and pain. We believe our oral TGR5 agonists may have the potential to induce healing of intestinal tissue in IBD as a result of the dual anti-inflammatory and tissue rebuilding properties of GLP-2. We believe a significant opportunity may exist in the IBD market for a safe and effective, orally administered, disease modifying agent that offers a dual effect of anti-inflammation and tissue healing.

RDX013 for hyperkalemia

Our RDX013 program is aimed at discovering and evaluating small molecule, orally-administered drug candidates that modulate the transport of potassium in the GI tract.

Our agents will be designed to enhance potassium secretion in the colon and correct hyperkalemia disorders in CKD patients. We believe that specific potassium transporters in the intestines may serve as useful targets for our program. We are also using APECCS to identify novel pathways to activate potassium flux from the interior of the GI epithelium cells to the GI lumen. We believe that such agents may be used as stand-alone agents or used in combination with potassium binders boost efficacy or to reduce the pill burden of the potassium binders.

RDX020 for inhibition of chloride channels

Our RDX020 program is aimed at discovering and evaluating small molecule, orally administered drug candidates that modulate the transport of chloride in the GI tract.

We are targeting transporters responsible for the movement of chloride from the lumen of the gut to within the mucosa while secreting bicarbonate ions in the opposite direction. Our discovery platform is designed to find transporters and targets on the surface of the intestines and to identify small molecules that interfere with the activity of such targets. The objective of this program is to obtain non-systemic agents that would limit dietary chloride uptake and limit the loss of bicarbonate (or enhance fecal acid excretion).

We believe that an agent that prevents the absorption of dietary chloride could reduce fluid overload and improve acidosis in CKD patients.

Collaboration Partnerships

Collaboration partnership with AstraZeneca

Overview

In October 2012, we entered into a collaboration partnership with AstraZeneca for the development and commercialization of our small molecule NHE3 inhibitors, including tenapanor as well as to back-up

compounds. Additionally, as part of the collaboration partnership, we agreed to provide development support related to the licensed compounds subject to reimbursement by AstraZeneca for our internal and external expenses incurred in providing such efforts, subject to an agreed upon cap on AstraZeneca's obligation to reimburse our costs for the Phase 2b clinical trial of tenapanor for IBS-C.

Under the terms of the agreement, we received a $35.0 million upfront payment and we are eligible to receive up to $237.5 million in development milestones, of which we have received $40.0 million. The $40.0 million in development milestones consists of a payment of $15.0 million and a payment of $25.0 million that we received in May 2014 as a result of the dosing of the first patient in the Phase 2b ESRD clinical trial in hyperphosphatemia in April 2014. In addition to the $237.5 million in total development milestones, we are also eligible to receive up to $597.5 million in sales and launch milestones which, when combined with the $35.0 million upfront payment, provides for potential payments of up to $870.0 million. Through March 31, 2014, we also received $24.5 million in reimbursement for our development efforts provided under the agreement. We are also eligible to receive incremental tiered royalties based on aggregate annual net sales of each licensed product starting in the high single digits and increasing to high teen percentages as annual net sales increase. If we exercise our right to co-fund the first Phase 3 development program for tenapanor, we could acquire an increase in our royalties by 1%, 2% or 3%, as described below under the heading "—Right to co-fund/royalty buy-up."

AstraZeneca solely funds all development and commercialization costs for licensed compounds and licensed products, except for costs that we elect to undertake if we exercise our right to co-fund certain development efforts in exchange for an increase in the royalty percentage, as described below under the heading "—Right to co-fund/royalty buy-up."

AstraZeneca may choose to develop tenapanor for any indication. Provided that it is pursuing development for at least one indication, AstraZeneca may choose not to develop tenapanor for any other indications. AstraZeneca must use commercially reasonable efforts to develop, manufacture, seek regulatory approval for and commercialize a licensed product in each of certain specified major markets.

Right to co-fund/royalty buy-up

We may elect to participate in the funding of the first Phase 3 development program for the first indication for the first licensed product by paying a co-funding amount of $20.0 million, $30.0 million or $40.0 million. We may exercise this right within a specified time period after the decision to proceed to Phase 3 clinical development for the first indication for the first licensed product. If we elect to co-fund the Phase 3 development program for the specific indication for the relevant licensed product, we will receive either a 1%, 2% or 3% increase in the royalty payable on net sales of the licensed product for all indications, depending upon the level of co-funding that we elect. We may exercise this right only for a period of 60 days following AstraZeneca's determination to proceed to the first Phase 3 clinical development program for tenapanor for a specific indication. An election to participate in the co-fund will be based, in part, on our analysis as to the likelihood of success of the Phase 3 clinical development program and the potential for regulatory approval to commercialize tenapanor. The selected co-funding amount would be paid quarterly over the estimated period of the Phase 3 clinical development program.

Right to co-promote in the United States

We may elect to co-promote in the United States the first licensed product for the first indication for which Phase 3 clinical development is completed. If we make such an election, we may also elect to co-promote the same licensed product for additional indications for which Phase 3 clinical development is completed in the specified period. After we make a co-promotion election, we must enter into a separate co-promotion agreement on terms and conditions set out in our agreement with AstraZeneca, which includes, among other rights and obligations, a requirement for Ardelyx to provide a trained sales force for promoting the licensed product, which may not also promote products that compete with the licensed product or other products then promoted by AstraZeneca or its affiliates and AstraZeneca must reimburse us for our agreed-upon co-promotion efforts other than for general training of our sales force.

Other terms

We are initially responsible for supplying tenapanor for use in development. AstraZeneca must reimburse our costs of providing such supply. AstraZeneca must use commercially reasonable efforts to assume responsibility for manufacturing and supplying all licensed compounds and licensed products for development and commercialization beginning with supplies required for Phase 2b and Phase 3 clinical trials, although AstraZeneca may choose to assume such supply responsibilities earlier.

For periods specified in the agreement, neither we nor AstraZeneca can research, develop or commercialize NHE3 inhibitors, other than pursuant to the agreement.

The agreement will expire in its entirety upon the expiration of all applicable royalty terms for all licensed products in all countries, and the satisfaction or expiration of all other payment obligations under the agreement. The royalty term for each licensed product in each country is the period commencing with the first commercial sale of the applicable licensed product in the applicable country and ending on the later of expiration of specified patent coverage or 10 years after the first commercial sale in the applicable country. AstraZeneca has the right to terminate the agreement at any time in its entirety, upon specified prior written notice to us, and is deemed to have so terminated the agreement if it ceases all exploitation of licensed products for a specified continuous time period and does not provide a plan to recommence such exploitation within a particular time period thereafter. AstraZeneca may also terminate the agreement on a country by country basis upon a specified prior written notice if there are third party patents that may be infringed in particular countries by the development, manufacture or commercialization of licensed products, subject to certain conditions. The agreement may also be terminated by us in the event that AstraZeneca actively assists in a legal challenge of any of the patents exclusively licensed to AstraZeneca under the agreement, and it may be terminated by us or by AstraZeneca for a material breach by or insolvency of the other party.

Collaboration partnership with Sanofi

Overview

In February 2014, we entered into a license option and license agreement with Sanofi under which we granted Sanofi an exclusive worldwide license to conduct research utilizing our small molecule NaP2b inhibitors solely for the purpose of completing activities under a preclinical development plan. Under the terms of this agreement, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize our NaP2b inhibitors. Sanofi may exercise this option at any time following the effective date of the agreement and ending 45 days after the filing of an IND, subject to certain exceptions, and if Sanofi does not file an IND on or before the 40th month anniversary at the completion of the technology transfer phase, the agreement will terminate. Sanofi is responsible for conducting and funding all research, development and commercialization of licensed products under the agreement. If Sanofi exercises its option, it must use commercially reasonable efforts to develop, seek regulatory approval for, manufacture and commercialize a licensed product for any indication in each of certain specified major markets.

We received a $1.25 million upfront payment, and we are eligible to receive up to $196.75 in development and regulatory milestone payments. We are also eligible to receive incremental tiered royalties based on aggregate annual net sales of any licensed product starting in the mid-single digits and increasing to low teen percentages as annual net sales increase, subject to reduction in specified circumstances.

Right to co-promote in the United States

We may elect to co-promote in the United States for each licensed product for which Phase 3 clinical development is completed. We may elect to provide a level of co-promotion support within a range specified in our agreement with Sanofi. If we make such an election to co-promote, we have additional rights to elect to co-promote other licensed products under this agreement. After we make a co-promotion election, we must enter

into a separate co-promotion agreement on terms and conditions set out in our agreement with Sanofi. Such co-promotion agreement must provide reasonable terms and conditions under which we will co-promote the relevant licensed products, and will require Sanofi to compensate us for performing our co-promotion obligations.

Other terms

During the term of the agreement, and in certain circumstances for a specified period following termination of the agreement, neither we nor Sanofi can, subject to certain exceptions described in the agreement, research, develop or commercialize a NaP2b inhibitor other than pursuant to the agreement.

The agreement will expire if Sanofi does not exercise its option within a specified time period, or if Sanofi does exercise its option, the agreement will expire in its entirety upon the expiration of all applicable royalty terms for all licensed products in all countries, and the satisfaction or expiration of all other payment obligations under the agreement. The royalty term for each licensed product in each country is the period commencing with the first commercial sale of the applicable licensed product in the applicable country and ending on the later of expiration of specified patent coverage or 10 years after the first commercial sale in the applicable country. Sanofi has the right to terminate the agreement at any time in its entirety or on a country-by-country basis upon specified prior written notice to us, and is deemed to have so terminated the agreement if it has not filed an IND for a licensed compound within a specified period of time, if it fails to exercise its option within a specified period of time, or if, after exercising its option, it ceases all exploitation of licensed products for a specified continuous time period and does not provide a plan to recommence such exploitation within a particular time period thereafter. The agreement may also be terminated by us in the event that Sanofi actively assists in a legal challenge of one of the patents exclusively licensed to Sanofi under the agreement, and it may be terminated by us or by Sanofi for a material breach by or insolvency of the other party.

Commercialization of our Products

We retain co-promotion rights with our collaboration partners, AstraZeneca and Sanofi, in the United States, and under the terms of our agreements, our commercialization costs will be funded by the collaboration partner. We expect, subject to certain conditions set forth in the AstraZeneca agreement, to take advantage of these opportunities to co-promote our licensed products. We intend to build a focused, specialized sales force in the United States to effectively support the commercialization of these and future products. If we co-promote our licensed products, we would develop a sales capability to target key prescribing physicians in nephrology, endocrinology and cardiology. We currently do not have any sales or marketing activities or personnel. Within the time required under our agreements with AstraZeneca and Sanofi, if we exercise our co-promotion right we will establish the required capabilities in advance of any product approval and commencement of commercialization to prepare for product launch. If we are not able to establish these sales and marketing capabilities, either on our own or through collaboration with AstraZeneca and Sanofi, any revenue from our future products that we commercialize may be materially adversely affected.

Competition

Competition for hyperphosphatemia

Phosphate binders are the only pharmacologic interventions currently marketed for the treatment of hyperphosphatemia. Calcium-based binders are the least expensive option to treat hyperphosphatemia. In hemodialysis patients, sevelamer has a 36% patient share versus 51% for calcium-based binders and 18% for lanthanum. The various types of phosphate binders commercialized in the United States include the following:

- Calcium carbonate (many over-the-counter brands including Tums and Caltrate)
- Calcium acetate (several prescription brands including PhosLo and Phoslyra)
- Lanthanum carbonate (Fosrenol marketed by Shire)

- Sevelamer hydrochloride (Renagel, marketed by Sanofi; new generic competition is also expected to enter the market in early 2014 after expiration of Sanofi's patent)
- Sevelamer carbonate (Renvela, marketed by Sanofi)
- Sucroferric oxyhydroxide (Velphoro, marketed by Vifor Fresenius)

Each of these agents has certain limitations. Calcium carbonate and calcium acetate can cause long term vascular calcification. Lanthanum carbonate (Fosrenol) entered the market in 2004 as an alternative to calcium and aluminum based agents, but nephrologists' concerns about the long term toxicity from the absorption of metals such as lanthanum and its GI side effect profile have limited its market penetration. Sevelamer hydrochloride (Renagel) is an acidic formulation of sevelamer that has been linked with worsening of metabolic acidosis in patients. Sevelamer carbonate (Renvela) was developed as an improved formulation of sevelamer to reduce incidence of acidosis. The active ingredient of both products, sevelamer, is associated long-term with vomiting (22%), nausea (20%), diarrhea (19%), dyspepsia (16%), abdominal pain (9%), and flatulence (8%). When nephrologists have been asked to name the most important feature of a new phosphate management drug, they have mentioned tolerability more than any other attribute including safety and efficacy.

The hydrochloride form of sevelamer, Renagel, was launched in the United States by Genzyme Corporation in 1998 prior to its acquisition by Sanofi, and the carbonate form, Renvela, was launched in 2008. Renvela is currently priced in the United States at a cost of approximately $7,600 per patient per course of therapy, Fosrenol (lanthanum carbonate) is comparably priced at about $7,500 and calcium-based binders are approximately $900. Despite its higher price, sevelamer has become the leading phosphate binder product in the hemodialysis market with 36% patient share (versus 51% split among several calcium-based binders). Sanofi booked €750 million ($1.0 billion) in worldwide sales of sevelamer during 2013. The U.S. patents for sevelamer expired in February 2014 and generic launch was allowed in March 2014. We are aware of at least one company, Impax Laboratories, Inc., who is expected to launch a generic version of sevelamer carbonate in April 2014 and sevelamer hydrochloride in September 2014.

In addition to the currently marketed phosphate binders, we are aware of several other binders in development such as ferric citrate (Zerenex), an iron-based binder in Phase 3 being developed in the United States by Keryx Biopharmaceuticals Inc. and approved in Japan, fermagate (Alpharen), an iron-based binder in Phase 2 being developed by Opko Health, Inc., and sucroferric oxyhydroxide (Velphoro), an iron-based binder with an average dose of one 500 mg pill per meal (versus three or more pills for other binders).

Competition for long-term management of CKD

There are no treatments for CKD that have been proven to reverse the disease. Additionally, various interventions, such as improved diet, blood pressure control, and blood glucose control have had only moderate success in delaying the progression of the disease. CKD patients are currently treated with a combination of diuretics and inhibitors of the renin-angiotensin aldosterone system, or RAAS, to decrease fluid retention and improve hypertension.

We are aware of one agent, CLP-1001, being developed by Sorbent Therapeutics, Inc. which is an orally administered, non-absorbed exchange resin that binds both sodium and potassium ions as well as protons that showed positive effects in CKD patients with heart failure in a Phase 2a clinical trial and which demonstrated the ability to increase fecal sodium at doses of up to 15g/day. We believe this agent may be competitive with tenapanor to treat CKD patients.

There are several dozen generic and branded products that interfere with the RAAS pathway, or act as diuretics. Some of these agents, such as furosemide and thiazide diuretics, were first used in the late 1950s. We are aware of a few new products being developed for treatment of hypertension such as Novartis AG's LCZ696, a dual inhibitor of angiotensin ll receptor and neutral endopeptidase that is in Phase 3, and Palatin Technology, Inc.'s PL-3994, a long-acting natriuretic peptide receptor A agonist in Phase 2.

We are aware of certain investigational drugs that were being developed for delaying kidney decline as measured by eGFR. Among other products, Concert Pharmaceuticals, Inc. is developing CTP-499 which showed protective effects on kidney function at 48 weeks in a Phase 2 clinical trial in patients with CKD and type 2 diabetes. Bardoxolone, an anti-inflammation drug, was being developed by Reata Pharmaceuticals, Inc. and Abbott Laboratories and was examined in CKD patients with type 2 diabetes for its ability to reduce progression to ESRD and cardiovascular death rates, as well as delay the decline of eGFR; however, the Phase 3 clinical trial of bardoxolone was stopped in 2012 because of safety issues, and we are unaware of any additional development of the molecule in CKD. We are aware of several drugs in Phase 2 clinical trials being evaluated for diabetic nephropathy (excluding drugs for blood pressure) including ChemoCentrix, Inc.'s CCR antagonist CCX140, Eli Lilly and Company's TGF-beta monoclonal antibody LY2382770, Genkyotex S.A.'s dual NOX1/NOX4 inhibitor GKT137831, Fibrogen, Inc.'s CTGF inhibitor FG-3019, Pfizer, Inc.'s long-acting PDE5 inhibitor PF-489791, and Noxxon Pharma AG's aptamer inhibitor of MCP-1/CCR2 NOX-E36. None of these drugs to our knowledge has clinical data showing a delay in the progression of CKD.

Competition for management of IBS-C

Numerous treatments exist for constipation and the constipation component of IBS-C, many of which are over-the-counter. These include psyllium husk (such as Metamucil), methylcellulose (such as Citrucel), calcium polycarbophil (such as FiberCon), lactulose (such as Cephulac), polyethylene glycol (such as MiraLax), sennosides (such as Exlax), bisacodyl (such as Ducolax), docusate sodium (such as Colace), magnesium hydroxide (such as Milk of Magnesia), saline enemas (such as Fleet) and sorbitol. These agents are generally inexpensive and work well to relieve temporary constipation.

We are aware of two prescription drugs currently on the U.S. market that are approved to treat IBS-C:

- Linzess (linaclotide): Linzess is a drug developed by Ironwood Pharmaceuticals, Inc., approved in 2012 and 2013 for IBS-C and chronic constipation in both the United States and in Europe. Linzess is based on the heat stable enterotoxin produced in *E. coli* that causes traveler's diarrhea. Linzess targets guanylate cyclase C in the intestines and, by doing so, induces intestinal chloride and fluid secretion, which results in the outpouring of water into the intestine. Linzess in a meta-analysis was deemed "moderately effective compared with placebo for improving typical symptoms of IBS-C" and had a risk-adjusted effect on 13% to 21% of patients in various measures of IBS-C compared to the placebo effect. The most common side effect was diarrhea (mostly during the first two weeks of treatment), reported in about 11% to 17% more patients than placebo, and requiring discontinuation in about 4% of patients more than placebo.
- Amitiza (lubiprostone): Amitiza was first approved in the United States in 2006 and is currently marketed by Sucampo Pharmaceuticals, Inc. and Takeda Pharmaceutical Company Limited for treatment of chronic idiopathic constipation, or CIC, IBS-C and OIC. Amitiza binds selectively to and activates the type-2 chloride channel in the intestine releasing chloride and water into the intestine. Amitiza overall responders were about 6% greater than placebo. The primary adverse events are nausea and/or diarrhea which occur in about 7% to as many as 37% of patients.

Relistor (methylnaltrexone) is approved to treat OIC and is marketed by Salix Pharmaceuticals, Inc. Resolor (prucalopride), also a 5-HT4 receptor agonist has not been launched in the United States but is marketed in Europe by Shire plc.

We are aware of several products in development targeting IBS-C and/or CIC. These include Ferring Pharmaceuticals, Inc./Albireo AB's elobixibat, an IBAT inhibitor in Phase 3 for CIC and in Phase 2 for IBS-C and Synergy Pharmaceuticals, Inc.'s plecanatide, a GC-C agonist similar to linaclotide in Phase 3 for CIC and in Phase 2 for CIC and OIC (as well, Synergy Pharmaceuticals, Inc. has SP-333 in Phase 2 for OIC).

Intellectual Property

Our commercial success depends in part on our ability to obtain and maintain proprietary protection for our drug candidates, manufacturing and process discoveries, and other know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trade secrets and careful monitoring of our proprietary information to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

As a normal course of business, we pursue composition-of-matter and method-of-use patents for our product candidates in key therapeutic areas. We also seek patent protection for broader structural and functional attributes of our product candidates that enable a non-or-minimally systemic profile.

The patent positions of biopharmaceutical companies like us are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, we do not know whether any of our product candidates will be protectable or remain protected by enforceable patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of our issued patents will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties. If third parties prepare and file patent applications in the United States that also claim technology or therapeutics to which we have rights, we, or our collaboration partners, may have to participate in interference proceedings in the U.S. Patent and Trademark Office, or USPTO, to determine priority of invention, which would result in substantial costs to us or our collaboration partners, even if the eventual outcome is favorable to us.

The term of individual patents depends upon the legal term of the patents in countries in which they are obtained. In most countries, including the United States, the patent term is generally 20 years from the earliest date of filing a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date.

In addition, in the United States, the Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration of a U.S. patent as partial compensation for the patent term lost during the FDA regulatory review process occurring while the patent is in force. A patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, and only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. Similar provisions are available in the European Union and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. With respect to tenapanor, our collaboration partner, AstraZeneca, and with respect to our NaP2b portfolio, under certain circumstances, our collaboration partner, Sanofi, will be responsible for and have the right to control, with input from us, the selection of the appropriate issued patent for filing to obtain any patent term extension that may be available under applicable laws.

We may rely, in some circumstances, on trade secrets to protect our technology. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaboration partners, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning the business or financial affairs developed or made known to the individual

during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual, and which are related to our current or planned business or research and development or made during the normal working hours, on our premises or using our equipment or proprietary information, are our exclusive property.

NHE3 patents

Our NHE3 patent portfolio is wholly owned by us and exclusively licensed to AstraZeneca. This portfolio includes one issued U.S. patent, U.S. Patent No. 8,541,448, covering the composition of tenapanor, and one patent allowed, but not issued in Japan, Japanese patent application, number 2011-543730, covering the composition of tenapanor. The issued U.S. patent, and the allowed Japanese patent are predicted to expire in 2029. Two additional patent applications are pending in the United States covering the composition of or methods of using tenapanor. We have related national patent applications pending in Europe, China, India, Israel and a number of other countries. Any patents issuing from these patent applications are also predicted to expire in 2029. Additional pending composition of matter and method of use patent applications in this portfolio include three PCT applications that are eligible for worldwide filing, and we expect that AstraZeneca will file national patent applications in Europe, Japan, China, India, Israel and a number of other countries at the time when the PCT is converted to national filings.

NaP2b

Our NaP2b portfolio is wholly owned by us, exclusively licensed to Sanofi, and includes five pending U.S. patent applications covering the composition of or methods of using our NaP2b inhibitor compounds. If issued, these pending applications are predicted to expire in 2031. Related national patent applications are pending in Europe and Japan. Any patents resulting from these patent applications, if issued, are also predicted to expire in 2031.

TGR5 agonists

Our TGR5 agonist portfolio is wholly owned by us, and includes one PCT application covering the composition and methods of using our TGR5 agonist compounds that is eligible for worldwide filing. We expect to file national patent applications in Europe, Japan, China and a number of other countries at the time the PCT is converted to national filings.

Manufacturing

To date, we have relied upon third-party contract manufacturing organizations, or CMOs, to manufacture both the active pharmaceutical ingredient and final drug product dosage forms of tenapanor used as clinical trial material. Under our agreement with AstraZeneca, we are in the final stages of transferring the process for the manufacture of tenapanor drug substance and drug product to AstraZeneca. The clinical trial material being utilized in the ongoing clinical trials with tenapanor has been manufactured by our CMOs, but AstraZeneca will be responsible for the manufacture of all future clinical trial and commercial supplies of tenapanor.

Government Regulation/FDA

The FDA and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and burdensome requirements upon companies involved in the clinical development, manufacture, marketing and distribution of drugs. These agencies and other federal, state and local entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion, distribution, post-approval monitoring and reporting, sampling, and export and import of our product candidates.

In the United States, the FDA regulates drug products under the Federal Food, Drug, and Cosmetic Act, or FFDCA, and the FDA's implementing regulations. If we fail to comply with applicable FDA or other requirements at any time during the drug development process, the approval process or after approval, we may become subject to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties or criminal prosecution. Any FDA enforcement action could have a material adverse effect on us. FDA approval is required before any new unapproved drug or dosage form, including a new use of a previously approved drug, can be marketed in the United States.

The process required by the FDA before a drug may be marketed in the United States generally involves:

- completion of extensive preclinical laboratory tests, preclinical animal studies and formulation studies, some performed in accordance with the FDA's current Good Laboratory Practice, or GLP, regulations;
- submission to the FDA of an Investigational New Drug, or IND, application which must become effective before human clinical trials in the United States may begin;
- approval by an independent institutional review board, or IRB, or ethics committee at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with Good Clinical Practice, or GCP, regulations to establish the safety and efficacy of the drug candidate for each proposed indication;
- submission to the FDA of a new drug application, or NDA;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current Good Manufacturing Practice, or cGMP, regulations;
- satisfactory completion of a potential review by an FDA advisory committee, if applicable; and
- FDA review and approval of the NDA prior to any commercial marketing, sale or commercial shipment of the drug.

The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all. Nonclinical tests include laboratory evaluation of product chemistry, formulation, stability and toxicity, as well as animal studies to assess the characteristics and potential safety and efficacy of the product. The results of preclinical tests, together with manufacturing information, analytical data and a proposed clinical trial protocol and other information, are submitted as part of an IND to the FDA. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions relating to the IND and places the clinical trial on a clinical hold, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. A separate submission to an existing IND must also be made for each successive clinical trial conducted during product development.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, the parameters to be used in monitoring safety and the effectiveness criteria to be used. Each protocol must be submitted to the FDA as part of the IND.

An independent IRB or ethics committee for each medical center proposing to conduct a clinical trial must also review and approve a plan for any clinical trial before it can begin at that center and the IRB must monitor

the clinical trial until it is completed. The FDA, the IRB, or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk. Clinical testing also must satisfy extensive GCP requirements, including the requirements for informed consent.

All clinical research performed in the United States in support of an NDA must be authorized in advance by the FDA under the IND regulations and procedures described above. However, a sponsor who wishes to conduct a clinical trial outside the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of an NDA so long as the clinical trial is conducted in compliance with GCP and if the FDA is able to validate the data from the study through an onsite inspection, if necessary. GCP includes review and approval by an independent ethics committee, such as an IRB, and obtaining and documenting the freely given informed consent of the subject before study initiation. If the applicant seeks approval of an NDA solely on the basis of foreign data, the FDA will only accept such data if they are applicable to the U.S. population and U.S. medical practice, the studies have been performed by clinical investigators of recognized competence, and the data may be considered valid without the need for an on-site inspection by the FDA, or if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or through other appropriate means.

Clinical trials

The clinical investigation of a new drug is typically conducted in three or four phases, which may overlap or be combined.

- *Phase 1*: Clinical trials are initially conducted in a limited population of subjects to test the drug candidate for safety, dose tolerance, absorption, metabolism, distribution and excretion in healthy humans or, on occasion, in patients with severe problems or life-threatening diseases to gain an early indication of its effectiveness.
- *Phase 2*: Clinical trials are generally conducted in a limited patient population to evaluate dosage tolerance and appropriate dosage, identify possible adverse effects and safety risks, and evaluate preliminarily the efficacy of the drug for specific targeted indications in patients with the disease or condition under study.
- *Phase 3*: Clinical trials are typically conducted when Phase 2 clinical trials demonstrate that a dose range of the product candidate is effective and has an acceptable safety profile. Phase 3 clinical trials are commonly referred to as “pivotal” studies, which typically denotes a study which presents the data that the FDA or other relevant regulatory agency will use to determine whether or not to approve a drug. Phase 3 clinical trials are generally undertaken with large numbers of patients, such as groups of several hundred to several thousand, to further evaluate dosage, to provide substantial evidence of clinical efficacy and to further test for safety in an expanded and diverse patient population at multiple, geographically-dispersed clinical trial sites.
- *Phase 4*: In some cases, FDA may condition approval of an NDA for a product candidate on the sponsor’s agreement to conduct additional clinical trials after NDA approval. In other cases, a sponsor may voluntarily conduct additional clinical trials post approval to gain more information about the drug. Such post approval trials are typically referred to as Phase 4 clinical trials.

Concurrent with clinical trials, companies usually complete additional preclinical studies and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the drug in commercial quantities in accordance with GMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

The FDA, the IRB or the clinical trial sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the study. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

New drug applications

The results of preclinical studies and of the clinical trials, together with other detailed information, including extensive manufacturing information and information on the composition of the drug, are submitted to the FDA in the form of an NDA requesting approval to market the drug for one or more specified indications. The FDA reviews an NDA to determine, among other things, whether a drug is safe and effective for its intended use.

Under the Prescription Drug User Fee Act, the FDA has a goal of responding to standard review NDAs of new molecular entities within ten months after the 60 day filing review period, or six months after the 60 day filing review period for priority review NDAs, but this timeframe is often extended by FDA requests for additional information or clarification. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations.

Before approving an application, the FDA will inspect the facility or the facilities at which the finished drug product, and sometimes the active pharmaceutical ingredient, or API, is manufactured, and will not approve the drug unless cGMP compliance is satisfactory. The FDA may also inspect the sites at which the clinical trials were conducted to assess their compliance, and will not approve the drug unless compliance with GCP requirements is satisfactory.

After the FDA evaluates the NDA and conducts inspections of manufacturing facilities where the drug product and/or its API will be produced, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter may require additional clinical data and/or an additional pivotal Phase 3 clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. The FDA could also approve the NDA with a Risk Evaluation and Mitigation Strategy, or REMS, plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. The FDA has the authority to prevent or limit further marketing of a drug based on the results of these post-marketing programs. Once the FDA approves an NDA, or supplement thereto, the FDA may withdraw the approval if ongoing regulatory requirements are not met or if safety problems are identified after the drug reaches the market.

Drugs may be marketed only for the FDA approved indications and in accordance with the provisions of the approved labeling. Further, if there are any modifications to the drug, including changes in indications, labeling, or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA or NDA supplement, which may require the applicant to develop additional data or conduct additional preclinical studies and clinical trials.

The testing and approval processes require substantial time, effort and financial resources, and each may take several years to complete. The FDA may not grant approval on a timely basis, or at all. Even if we believe a clinical

trial has demonstrated safety and efficacy of one of our drug candidates for the proposed indication, the results may not be satisfactory to the FDA. Nonclinical and clinical data may be interpreted by the FDA in different ways, which could delay, limit or prevent regulatory approval. We may encounter difficulties or unanticipated costs in our efforts to secure necessary governmental approvals which could delay or preclude us from marketing drugs. The FDA may limit the indications for use or place other conditions on any approvals that could restrict the commercial application of the drugs. After approval, certain changes to the approved drug, such as adding new indications, manufacturing changes, or additional labeling claims are subject to further FDA review and approval. Depending on the nature of the change proposed, an NDA supplement must be filed and approved before the change may be implemented. For many proposed post-approval changes to an NDA, but excluding efficacy supplements to an NDA, the FDA has up to 180 days to review the application. As with new NDAs, the review process is often significantly extended by the FDA requests for additional information or clarification.

Other regulatory requirements

Any drugs manufactured or distributed by us or our collaboration partners pursuant to FDA approvals would be subject to continuing regulation by the FDA, including recordkeeping requirements and reporting of adverse experiences associated with the drug. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic announced and unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMP, which impose certain procedural and documentation requirements upon us and our third party manufacturers. Failure to comply with the statutory and regulatory requirements can subject a manufacturer to possible legal or regulatory action, such as warning letters, suspension of manufacturing, seizure of product, injunctive action or possible civil penalties. We cannot be certain that we or our present or future third party manufacturers or suppliers will be able to comply with the cGMP regulations and other ongoing FDA regulatory requirements. If we or our present or future third party manufacturers or suppliers are not able to comply with these requirements, the FDA may, among other things, halt our clinical trials, require us to recall a drug from distribution or withdraw approval of the NDA for that drug.

The FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the Internet. A company can make only those claims relating to safety and efficacy that are approved by the FDA. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe legally available drugs for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, impose stringent restrictions on manufacturers' communications regarding off-label use.

Fraud and abuse laws

In the United States, the research, manufacturing, distribution, sale and promotion of drug products and medical devices are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare & Medicaid Services, or CMS, other divisions of the U.S. Department of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice, state Attorneys General, and other state and local government agencies. These laws include but are not limited to, the Anti-Kickback Statute, the federal False Claims Act, the federal Physician Sunshine Payment Act, and other state and federal laws and regulations.

The Anti-Kickback Statute makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf) to knowingly and willfully solicit, receive, offer, or pay any remuneration that is intended to induce the referral of business, including the purchase, order, or prescription of a particular drug, for which payment

may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties, and exclusion from participation in federal healthcare programs. In addition, the Affordable Care Act, among other things, amends the intent requirement of the federal Anti-Kickback Statute and federal criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it. Moreover, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

The federal False Claims Act prohibits anyone from knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including drugs, that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. Although we would not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers or promoting a product off-label. In addition, our future activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state, and third-party reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, pharmaceutical companies have been prosecuted under the federal False Claims Act in connection with their off-label promotion of drugs. Penalties for a False Claims Act violation include three times the actual damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each separate false claim, the potential for exclusion from participation in federal healthcare programs, and, although the federal False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes. If the government were to allege that we were, or convict us of, violating these false claims laws, we could be subject to a substantial fine and may suffer a decline in our stock price. In addition, private individuals have the ability to bring actions under the federal False Claims Act and certain states have enacted laws modeled after the federal False Claims Act.

In addition to the laws described above, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively known as the Affordable Care Act, also imposed new reporting requirements on drug manufacturers for payments made to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (or up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. The period between August 1, 2013 and December 31, 2013 was the first reporting period and manufacturers were required to report aggregate payment data by March 31, 2014, and will be required to report detailed payment data and submit legal attestation to the accuracy of such data during Phase 2 of the program (which begins in May 2014 and extends for at least 30 days). Thereafter, manufacturers must submit reports by the 90th day of each subsequent calendar year.

Many states have also adopted laws similar to the federal laws discussed above. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid. There has also been a recent trend of increased regulation of payments made to physicians and other healthcare providers. Certain states mandate implementation of compliance programs, impose restrictions on drug manufacturers' marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians. Many of these laws contain ambiguities as to what is required to comply with such laws, which may affect our sales, marketing, and other promotional activities by imposing administrative and compliance burdens on us. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state and perhaps federal, authorities.

Because we intend to commercialize products that could be reimbursed under a federal healthcare program and other governmental healthcare programs, we plan to develop a comprehensive compliance program that establishes internal controls to facilitate adherence to the rules and program requirements to which we will or may become subject. Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. Due to the breadth of these laws, the absence of guidance in the form of regulations or court decisions, and the potential for additional legal or regulatory change in this area, it is possible that our future sales and marketing practices and/or our future relationships with physicians and other healthcare providers might be challenged under such laws. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

Third-party coverage and reimbursement

Sales of pharmaceutical products depend in significant part on the availability of coverage and adequate reimbursement by third-party payors, such as state and federal governments, including Medicare and Medicaid, and commercial managed care providers. In the United States, no uniform policy of coverage and reimbursement for drug products exists among third-party payors. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for our product candidates, if approved, will be made on a payor by payor basis. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our product candidates to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained. Third-party payors may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drugs for a particular indication. A decision by a third-party payor not to cover our product candidates could reduce physician utilization of our products once approved and have a material adverse effect on our future sales, results of operations and financial condition. Moreover, a payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

In addition, in July 2010, CMS released its final rule to implement a bundled prospective payment system for the treatment of ESRD patients as required by the Medicare Improvements for Patients and Providers Act, or MIPPA. The bundled payment includes all renal dialysis services furnished for outpatient maintenance dialysis, including ESRD-related drugs and biologicals. The final rule delayed the inclusion of oral medications without intravenous equivalents in the bundled payment until January 1, 2014 and in April 2014, President Obama signed the Protecting Access to Medicare Act of 2014, which further extends this implementation date to January 1, 2024. As a result of the recent legislation, beginning in 2024, ESRD-related drugs will be included in the bundle and separate Medicare reimbursement will no longer be available for such drugs, as it is today under Medicare Part D. While it is too early to project the full impact bundling may have on the phosphate binder industry, the impact could potentially cause dramatic price reductions for tenapanor, if approved.

Healthcare reform

In March 2010, President Obama signed one of the most significant healthcare reform measures in decades. The Affordable Care Act substantially changes the way healthcare will be financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry.

The Affordable Care Act contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse, which will impact existing government healthcare programs and will result in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program. Additionally, the Affordable Care Act:

- increases the minimum level of Medicaid rebates payable by manufacturers of brand-name drugs from 15.1% to 23.1%;

- requires collection of rebates for drugs paid by Medicaid managed care organizations;
- expands eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expands access to commercial health insurance coverage through new state-based health insurance marketplaces, or exchanges;
- requires manufacturers to participate in a coverage gap discount program, under which they must agree to offer 50 percent point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D, beginning January 2011; and
- imposes a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs" to specified federal government programs.

In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. In August 2011, the Budget Control Act of 2011 among other things, created the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve its targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of 2 percent per fiscal year, which went into effect on April 1, 2013. In January 2013, the ATRA was enacted, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers. These new laws and the regulations and policies implementing them, as well as other healthcare reform measures that may be adopted in the future, may have a material adverse effect on our industry generally and on our ability to successfully develop and commercialize our products.

Other regulations

We are also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

Employees

As of March 31, 2014, we had 37 full-time employees, including a total of 14 employees with Ph.D. degrees. Within our workforce, 30 employees are engaged in research and development and the remaining 7 in general management and administration, including finance, legal, and business development. None of our employees are represented by labor unions or covered by collective bargaining agreements. We believe that we maintain good relations with our employees.

Property and Facilities

Our headquarters is currently located in Fremont, California, and consists of approximately 27,620 square feet of leased office and laboratory space under a lease that expires on September 2016. We have the option to extend the termination date to September 2019. We expect that during the next year we will increase the square footage available to us in our existing facilities in order to accommodate our anticipated needs. We may also require additional space and facilities as our business expands.

Legal Proceedings

We are not currently subject to any material legal proceedings.

Management

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, as of May 15, 2014:

Name	Age	Position(s)
Executive Officers		
Michael Raab	49	President, Chief Executive Officer and Director
Dominique Charmot, Ph.D.	59	Chief Scientific Officer and Director
Mark Kaufmann	46	Chief Financial Officer
Jeffrey Jacobs, Ph.D.	51	Vice President, Chemistry
George Jue.	62	Vice President, Finance and Operations
David Rosenbaum, Ph.D.	53	Vice President, Drug Development
Elizabeth Grammer, Esq.	50	Vice President, General Counsel
Non-Employee Directors		
David Mott	48	Chairman of the Board
Richard Rodgers	47	Director
Peter Schultz, Ph.D.	57	Director

Executive Officers

Michael Raab has served as our President and Chief Executive Officer and a director since March 2009. From 2002 to 2009, Mr. Raab was a partner at New Enterprise Associates, or NEA, a venture capital firm, specializing in healthcare investments focusing on the biotechnology and pharmaceutical sectors. Prior to joining NEA, Mr. Raab spent 15 years in commercial and operating leadership roles in the biotech and pharmaceutical industries. He was Senior Vice President, Therapeutics and General Manager of the Renal Division at Genzyme Corporation, a biotechnology company. Mr. Raab also spent two years with Genzyme's Diagnostic products and services division. Before Genzyme, Mr. Raab held business development and sales and marketing positions at Repligen Corporation, a life sciences company, and Bristol-Myers Squibb Company, a biopharmaceutical company. Mr. Raab received a B.A. from DePauw University.

Dominique Charmot, Ph.D., is our co-founder and has served as our Chief Scientific Officer and a director since October 2007. Dr. Charmot started his career in 1982 at Rhone-Poulenc SA, a chemical company. In 2000, Dr. Charmot joined Symyx Technologies Inc., a life sciences-based software company, where he was in charge of the development of integrated workflows in high throughput discovery targeted to specialty polymers. In 2003, Dr. Charmot co-founded Ilypsa Inc., a company developing polymeric drugs, and worked there until the acquisition of Ilypsa by Amgen Inc., a biopharmaceutical company, in 2007. Dr. Charmot received a M.S. in Chemical Engineering from Ecole Nationale Supérieure de Chimie de Paris and a Ph.D. in Polymer Chemistry from the Ecole Supérieure de Physique et Chimie Industrielle de Paris.

Mark Kaufmann has served as our Chief Financial Officer since May 2014 and formerly served as our Chief Business Officer from August 2011 until May 2014. Mr. Kaufmann has over twenty years of experience in the biopharmaceutical industry in both the U.S. and Canada in business and corporate development roles. From 2008 to 2010, Mr. Kaufmann was President and Chief Executive Officer of Allostera Pharma Inc., a preclinical company focused on autoimmune diseases. Prior to joining Allostera, Mr. Kaufmann was President and Chief Executive Officer of Celmed BioSciences, Inc., a biopharmaceutical company, and he started his career as Director of Strategic Planning and Investor Relations at MedImmune in 1994. Mr. Kaufmann received a B.A. in Biochemical Sciences from Harvard University and a M.B.A. from the University of Michigan School of Business.

Jeffrey Jacobs, Ph.D., has served as our Vice President, Chemistry since January 2011. Dr. Jacobs has spent his career in the discovery and development of new chemical entities for the treatment of unmet medical

needs. Dr. Jacobs has held positions of increasing responsibility at Affymax, Inc., a biopharmaceutical company, Vicuron Pharmaceuticals, Inc., a biopharmaceutical company, and Sunesis Pharmaceuticals, Inc., a biopharmaceutical company, where he was most recently Senior Director of Development Chemistry. Dr. Jacobs received a B.S. in Chemistry, magna cum laude, from Gonzaga University and a Ph.D. in Bioorganic Chemistry at the University of California, Berkeley.

George Jue has served as our Vice President, Finance and Operations since June 2008. Prior to Ardelyx, Mr. Jue was Vice President of Finance and Controller at Hyperion Therapeutics, Inc., a biopharmaceutical company. Before Hyperion Therapeutics, Mr. Jue worked at VaxGen Inc., a biopharmaceutical company, as the Vice President of Finance. In addition, Mr. Jue previously served as Vice President of Finance and Principal Accounting Officer at PDL BioPharma, a biopharmaceutical company. Mr. Jue received a B.S. in Accounting from Bentley College and a M.B.A. from Golden Gate University.

David Rosenbaum, Ph.D., has served as our Vice President of Drug Development since January 2010. Dr. Rosenbaum has spent the past 20 years developing novel drugs for global registration. From 2003 to 2008, he was Vice President of Drug Development for Trine Pharmaceuticals, Inc., a biopharmaceutical company, where he was developing a novel non-systemic therapeutic for the treatment of IBS. In addition, Dr. Rosenbaum previously served as Vice President of Preclinical Research and Development at GelTex Pharmaceuticals, a biopharmaceutical company, where he was responsible for the preclinical development of Renagel and Welchol. He received a B.A. in Biology from the University of Pennsylvania, a M.S. in Toxicology from Albany Medical College and a Ph.D. in Pharmacology from Boston University School of Medicine.

Elizabeth Grammer, Esq., has served as our Vice President responsible for legal affairs since December 2012, after serving as an independent outside corporate counsel for Ardelyx for three years. In May 2014, Ms. Grammer was appointed as our Vice President, General Counsel. Ms. Grammer has over 20 years of experience representing privately held and publicly traded life sciences companies in structuring and negotiating strategic transactions, such as collaborations, joint ventures, and intellectual property licensing transactions. Prior to joining Ardelyx, from 2001 to 2006, Ms. Grammer served as Vice President and General Counsel of Trine Pharmaceuticals, Inc., a biopharmaceutical company. Ms. Grammer received a B.A. from Boston University and a J.D. from Stanford Law School.

Non-Employee Directors

David Mott has served on our board of directors since March 2009 and as chairman of the board of directors since March 2014. Mr. Mott joined NEA in September 2008 as a General Partner primarily focused on biopharmaceutical investments. Prior to joining NEA, he was President and Chief Executive Officer of MedImmune, LLC, a subsidiary of AstraZeneca Plc, and Executive Vice President of AstraZeneca. Mr. Mott joined MedImmune in 1992 and served in roles of increasing responsibility including Chief Operating Officer, Chief Financial Officer, President and from 2000, Chief Executive Officer. In 2002, Mr. Mott founded MedImmune Ventures and chaired its investment committee through his departure from MedImmune. Prior to joining MedImmune, he was a Vice President in the Health Care Investment Banking Group at Smith Barney, Harris Upham & Co. Inc. where he focused on public and private equity and debt financings as well as merger and acquisition work for biotechnology, healthcare services, and medical product and device companies. Mr. Mott is currently Chairman of TESARO, Inc., a biopharmaceutical company, and Prosensa Holding N.V., a biopharmaceutical company, and is a director of Epizyme, Inc., a biopharmaceutical company. Mr. Mott received a B.A. in Economics and Government from Dartmouth College. We believe that Mr. Mott is qualified to serve on our board of directors due to his investment experience, strategic leadership track record and service on other boards of directors of life sciences companies.

Richard Rodgers has served on our board of directors since March 2014. From March 2010 until August 2013, Mr. Rodgers was co-founder, Executive Vice President, Chief Financial Officer, Secretary and Treasurer of TESARO, Inc., a biopharmaceutical company. Mr. Rodgers previously served as the Chief Financial Officer from June 2009 to February 2010 of Abraxis BioScience, Inc., a biotechnology company. Prior to that, Mr. Rodgers served as Senior Vice President, Controller and Chief Accounting Officer of MGI PHARMA, Inc., a biopharmaceutical company, from 2004

until its acquisition by Eisai Co. Ltd., a pharmaceutical company, in January 2008. Mr. Rodgers has held finance and accounting positions at several private and public companies, including Arthur Anderson & Co. Mr. Rodgers received a B.S. in Financial Accounting from St. Cloud State University and his M.B.A. in Finance from the University of Minnesota, Carlson School of Business. We believe that Mr. Rodgers is qualified to serve on our board of directors due to his financial background and deep industry experience.

Peter G. Schultz, Ph.D., is our co-founder and has served on our board of directors since April 2010. In 1985, after postdoctoral studies at the Massachusetts Institute of Technology, he joined the faculty of the University of California, Berkeley, where he was Professor of Chemistry, Principal Investigator at Lawrence Berkeley National Laboratory and an Investigator of the Howard Hughes Medical Institute. Dr. Schultz joined the faculty of Scripps in 1999, where he is currently the Scripps Professor of Chemistry. He founded and was the Institute Director of the Genomics Institute of the Novartis Research Foundation in San Diego, CA from 1999 to 2010. His awards include the Waterman Award of the National Science Foundation, membership in the National Academy of Sciences and National Institute of Medicine, the 1994 Wolf Prize in Chemistry, the 2003 Paul Ehrlich Prize, and the 2005 Arthur C. Cope Award of the American Chemical Society. Dr. Schultz received a B.S. in Chemistry and a Ph.D. in Organic Chemistry, both from the California Institute of Technology. We believe that Dr. Schultz is qualified to serve on our board of directors due to his extensive scientific background and deep industry experience.

Board Composition

Director Independence

Our board of directors currently consists of five members. Our board of directors has determined that all of our directors, other than Mr. Raab and Dr. Charmot, qualify as "independent" directors in accordance with the NASDAQ listing requirements. Mr. Raab and Dr. Charmot are not considered independent because they are both employees of Ardelyx. The NASDAQ independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us. In addition, as required by NASDAQ rules, our board of directors has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management. There are no family relationships among any of our directors or executive officers.

Classified Board of Directors

In accordance with our amended and restated certificate of incorporation to be in effect immediately prior to the consummation of this offering, our board of directors will be divided into three classes with staggered, three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Effective upon the consummation of this offering, our directors will be divided among the three classes as follows:

- the Class I directors will be Drs. Charmot and Schultz, and their terms will expire at the annual meeting of stockholders to be held in 2015;
- the Class II directors will be Messrs. Raab and Mott, and their terms will expire at the annual meeting of stockholders to be held in 2016; and
- the Class III director will be Mr. Rodgers, and his term will expire at the annual meeting of stockholders to be held in 2017.

Our amended and restated certificate of incorporation will provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control of our company.

Voting Arrangements

The election of the members of our board of directors is governed by the second amended and restated voting agreement that we entered into with certain holders of our common stock and certain holders of our convertible preferred stock and the related provisions of our amended and restated certificate of incorporation. Pursuant to the voting agreement and these provisions:

- the holders of our convertible preferred stock, voting separately as a single class, have the right to elect two (2) directors to our board of directors, which are designated as follows:
  - one (1) individual designated by New Enterprise Associates 12, Limited Partnership (together with its affiliated funds), for which Mr. Mott has been designated; and
  - one (1) individual designated by CMEA Ventures VII, L.P. (together with its affiliated funds), which seat is currently vacant;
- the holders of our common stock, voting separately as a single class, have the right to elect two (2) directors, for which Drs. Charmot and Schultz have been designated; and
- the holders of our convertible preferred stock and common stock, voting together as a single class, have the right to elect the remaining two (2) directors, for which Messrs. Raab and Rodgers have been designated.

The holders of our common stock and convertible preferred stock who are parties to our voting agreement are obligated to vote for such designees indicated above. The provisions of this voting agreement will terminate upon the consummation of this offering and our certificate of incorporation will be amended and restated, after which there will be no further contractual obligations or charter provisions regarding the election of our directors. Our directors hold office until their successors have been elected and qualified or appointed, or the earlier of their death, resignation or removal.

Leadership Structure of the Board

Our bylaws and corporate governance guidelines provide our board of directors with flexibility to combine or separate the positions of chairman of the board of directors and Chief Executive Officer and/or the implementation of a lead director in accordance with its determination that utilizing one or the other structure would be in the best interests of our company. Mr. Mott currently serves as the Chairman of our board of directors. In that role, Mr. Mott presides over the executive sessions of the board of directors in which Mr. Raab does not participate and serves as a liaison to Mr. Raab and management on behalf of the board of directors.

Our board of directors has concluded that our current leadership structure is appropriate at this time. However, our board of directors will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

Role of Board in Risk Oversight Process

Risk assessment and oversight are an integral part of our governance and management processes. Our board of directors encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include

a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the board of directors at regular board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure, our audit committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures. The audit committee also monitors compliance with legal and regulatory requirements. Our nominating and governance committee monitors the effectiveness of our corporate governance guidelines and considers and approves or disapproves any related-persons transactions. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board Committees

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee:

- appoints our independent registered public accounting firm;
- evaluates the independent registered public accounting firm's qualifications, independence and performance;
- determines the engagement of the independent registered public accounting firm;
- reviews and approves the scope of the annual audit and the audit fee;
- discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;
- approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;
- monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law;
- is responsible for reviewing our financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- reviews our critical accounting policies and estimates; and
- annually reviews the audit committee charter and the committee's performance.

The current members of our audit committee are Messrs. Mott and Rodgers and Dr. Schultz. Mr. Rodgers serves as the chairperson of the committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Mr. Rodgers is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of NASDAQ. Under the rules of the SEC, members of the audit committee must also meet heightened independence standards. However, a minority of the members of the audit committee may be exempt from the heightened audit committee independence standards for one year from the date of effectiveness of the registration statement of which this prospectus forms a part. Our board of directors has determined that each of Messrs. Mott

and Rodgers and Dr. Schultz are independent under the applicable rules of NASDAQ. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ.

Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The compensation committee reviews and recommends corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives and recommends to our board of directors the compensation of these officers based on such evaluations. The compensation committee also recommends to our board of directors the issuance of stock options and other awards under our stock plans. The compensation committee will review and evaluate, at least annually, the performance of the compensation committee and its members, including compliance by the compensation committee with its charter. The current members of our compensation committee are Messrs. Mott and Rodgers and Dr. Schultz. Mr. Mott serves as the chairman of the committee. Each of the members of our compensation committee is independent under the applicable rules and regulations of The NASDAQ Global Market, is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and is an "outside director" as that term is defined in Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or Section 162(m). The compensation committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The current members of our nominating and corporate governance committee are Messrs. Rodgers and Mott. Mr. Rodgers serves as the chairman of the committee. Each of the members of our nominating and corporate governance committee is an independent director under the applicable rules and regulations of NASDAQ relating to nominating and corporate governance committee independence. The nominating and corporate governance committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ.

Compensation Committee Interlocks and Insider Participation

During 2013, our compensation committee consisted of Drs. David Collier, Jean Frechet and Peter Schultz and Mr. Mott. Mr. Mott served as chairman of the compensation committee. In March 2014, Drs. Collier and Frechet resigned from our board of directors. None of the members of our compensation committee has at any time been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers on our board of directors or compensation committee.

Board Diversity

Upon consummation of this offering, our nominating and corporate governance committee will be responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, will take into account many factors, including the following:

- personal and professional integrity;
- ethics and values;

- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the industries in which we compete;
- experience as a board member or executive officer of another publicly held company;
- diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;
- conflicts of interest; and
- practical and mature business judgment.

Currently, our board of directors evaluates, and following the consummation of this offering will evaluate, each individual in the context of the board of directors as a whole, with the objective of assembling a group that can best maximize the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Following the consummation of this offering, the code of business conduct and ethics will be available on our website at www.ardelyx.com. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website. The reference to our web address does not constitute incorporation by reference of the information contained at or available through our website.

Limitation on Liability and Indemnification Matters

Our amended and restated certificate of incorporation, which will become effective immediately prior to the consummation of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the consummation of this offering, provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and

indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and our stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage.

Director Compensation

In 2013, we did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to any of our non-employee members of our board of directors. We do not pay director fees to our directors who are employees. We reimburse our non-employee directors for travel and other necessary business expenses incurred in the performance of their services for us.

In connection with this offering, we intend to approve and implement a compensation program for our non-employee directors that consists of annual retainer fees and initial and annual long-term equity awards.

Executive Compensation

The following is a discussion and analysis of compensation arrangements of our named executive officers, or NEOs. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. As an "emerging growth company" as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

We seek to ensure that the total compensation paid to our executive officers is reasonable and competitive. Compensation of our executives is structured around the achievement of individual performance and near-term corporate targets as well as long-term business objectives.

Our NEOs for fiscal year 2013 were as follows:

- Michael Raab, President and Chief Executive Officer;
- Dominique Charmot, Ph.D., Chief Scientific Officer; and
- David Rosenbaum, Ph.D., Vice President, Drug Development.

2013 Summary Compensation Table

The following table shows information regarding the compensation of our NEOs for services performed in the year ended December 31, 2013.

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan Compensation ($)(1)	Total ($)
Michael Raab *President and Chief Executive Officer*	2013	416,300	57,449	473,749
Dominique Charmot, Ph.D. *Chief Scientific Officer*	2013	310,000	33,325	343,325
David Rosenbaum, Ph.D. *Vice President, Drug Development*	2013	277,500	40,120	317,620

(1) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the annual cash performance-based bonuses earned by our NEOs pursuant to the achievement of certain company and individual performance objectives. These amounts were paid to the named executive officers in February 2014. See the descriptions of the annual performance bonuses paid to our NEOs in "—Narrative to 2013 Summary Compensation Table and Outstanding Equity Awards at 2013 Fiscal Year End—Terms and Conditions of Annual Bonuses" below.

Outstanding Equity Awards at 2013 Fiscal Year End

The following table sets forth all outstanding equity awards held by each of the named executive officers as of December 31, 2013.

		Option Awards			
Name	Vesting Commencement Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Michael Raab	9/15/2010(1)	325,110	—	$ 0.12	10/26/2020
	7/1/2011(2)	2,411,035	—	$ 0.06	8/11/2021

(1) The options are exercisable immediately, in whole or in part, conditioned upon the NEO entering into a restricted stock purchase agreement with respect to any unvested shares. The shares subject to the options vest and/or are released from the company's repurchase option, as to 1/48th of the shares subject to such option on each monthly anniversary of the vesting commencement date, such that all shares will be vested on the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to the company through such vesting date.

(2) The options are exercisable immediately, in whole or in part, conditioned upon the NEO entering into a restricted stock purchase agreement with respect to any unvested shares. The shares subject to the options vest and/or are released from the company's repurchase option, as to 1/4th of the shares subject to the option on the first anniversary of the vesting commencement date, and thereafter as to 1/48th of the shares subject to such option on each monthly anniversary of the vesting commencement date, such that all shares subject to the option will be vested on the four year anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through such vesting date.

Narrative to 2013 Summary Compensation Table and Outstanding Equity Awards at 2013 Fiscal Year End

Terms and Conditions of Employee Arrangements with our NEOs

We have entered into agreements with each of the NEOs in connection with his employment with us. These agreements set forth the terms and conditions of employment of each named executive officer, including base salary, initial equity award grants, and standard employee benefit plan participation. Our board of directors or the compensation committee reviews each NEO's base salary from time to time to ensure compensation adequately reflects the NEO's qualifications, experience, role and responsibilities. For fiscal year 2013, Mr. Raab's annual base salary was $416,300, Dr. Charmot's annual base salary was $310,000, and Dr. Rosenbaum's annual base salary was $265,000 through July 2013, and was increased to $295,000 effective August 1, 2013. In addition, for 2013, Mr. Raab, Dr. Charmot and Dr. Rosenbaum each had an annual bonus target of 30%, 25% and 20%, respectively, of base salary awarded based on the achievement of certain corporate and individual performance goals set by the board of directors.

Under Mr. Raab's employment agreement, in the event Mr. Raab's employment with us is terminated for reason other than "cause" (as defined below), disability or death, or Mr. Raab resigns his employment for "good reason" (as defined below), in each case more than 60 days prior to or more than 12 months after a "change in control" (as defined below), then Mr. Raab will receive: (i) continued payment of his annual base salary as in effect immediately prior to such termination for a period of 12 months; (ii) payment of healthcare continuation costs for him and his eligible dependents during such 12 month period; and (iii) 12 months of accelerated vesting of any outstanding options, which options will remain exercisable until 12 months following the date of termination or their original expiration date, if earlier. In the event Mr. Raab's employment with us is terminated for reason other than cause, disability or death, or Mr. Raab resigns his employment for good reason, in each case within 60 days prior to or during the 12 month period after a change in control, Mr. Raab will receive: (i) a lump sum payment equal to the sum of his annual base salary as in effect immediately prior to such termination and his target bonus for the year in which the termination occurred, provided that if such termination occurs in the 60-day period prior to a change in control, the base salary severance shall be paid over a 12 month period following

the date of termination; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of termination; and (iii) full accelerated vesting of any outstanding options, which options will remain exercisable until 12 months following the date of termination or their original expiration date, if earlier. All such severance payments and benefits are subject to Mr. Raab's execution of and failure to revoke a general release of claims against the company.

Under Dr. Charmot's employment agreement, in the event Dr. Charmot's employment with us is terminated for reason other than "cause", "disability" (each as defined below) or death, or Dr. Charmot resigns his employment for "good reason" (as defined below), then he will receive: (i) an amount equal to six months of his then-current base salary and the then maximum target bonus prorated for six months, payable as salary continuation; (ii) payment of healthcare continuation costs for him and his eligible dependents during for 12 months following such termination; and (iii) accelerated vesting of 50% of his unvested options and restricted stock. Notwithstanding the foregoing, in the event Dr. Charmot's employment with us is terminated for reason other than cause, disability or death or Dr. Charmot resigns his employment for good reason, in each case within three months prior to or 12 months following a "change in control" (as defined below), then he will receive: (i) an amount equal to 12 months of his then-current base salary and then maximum target bonus, payable as salary continuation; (ii) payment of healthcare continuation costs for him and his eligible dependents for 12 months following such termination; and (iii) full accelerated vesting of his unvested options and restricted stock. All such severance payments and benefits are subject to Dr. Charmot's execution of and failure to revoke a general release of claims against the company.

We have also entered into a Change in Control Severance Agreement with Dr. Rosenbaum. Pursuant to this agreement, in the event Dr. Rosenbaum's employment with us is terminated for reason other than "cause" (as defined below), disability or death, or Dr. Rosenbaum resigns his employment for "good reason" (as defined below), in each case within 12 months following a "change in control" (as defined below), then he will receive: (i) an amount equal to six months of his then-current base salary payable in a cash lump sum; (ii) payment or reimbursement of healthcare continuation costs for him and his eligible dependents for up to six months following such termination; and (iii) accelerated vesting of 50% of his unvested options and restricted stock. All such severance payments and benefits are subject to Dr. Rosenbaum's execution of and failure to revoke a general release of claims against the company.

For purposes of Mr. Raab's employment agreement and Dr. Rosenbaum's Change in Control Severance Agreement, "cause" means: (i) the NEO's theft, dishonesty or falsification of any employment or company records that is non-trivial in nature; (ii) malicious or reckless disclosure of the company's confidential or proprietary information or any material breach by the NEO of his obligations under his Confidential Information Agreement; (iii) the conviction of the NEO of a felony (excluding motor vehicle violations) or the commission of gross negligence or willful misconduct, where a majority of the non-employee members of the board of directors reasonably determines that such act or misconduct has (A) seriously undermined the ability of the board of directors or management of the company to entrust him with important matters or otherwise work effectively with him, (B) substantially contributed to the company's loss of significant revenues or business opportunities, or (C) significantly and detrimentally affected the business or reputation of the company or any of its subsidiaries; and/or (iv) the willful failure or refusal by the NEO to follow the reasonable and lawful directives of the board of directors, provided such willful failure or refusal continues after his receipt of reasonable notice in writing of such failure or refusal and a reasonable opportunity of not less than 30 days to correct the problem.

For purposes of Dr. Charmot's employment agreement, "cause" means, unless cured by Dr. Charmot within a period of twenty (20) calendar days after receipt of notice from the company (if capable of being cured): (i) Dr. Charmot's conviction of a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) Dr. Charmot's conviction of, or plea of nolo contendere to, a felony, a crime of moral turpitude or a crime involving a violation of securities laws; (iii) Dr. Charmot willfully engages in misconduct that is, or reasonably can be expected to be, materially injurious to the company, including but not limited to, misappropriation of trade secrets, fraud, gross negligence, embezzlement or aiding or abetting a competitor, supplier or customer of the

company; (iv) Dr. Charmot commits a material breach of his employment agreement or his Proprietary Information Agreement; (v) Dr. Charmot willfully refuses to implement or follow a lawful policy or directive of the company; or (vi) Dr. Charmot engages in misfeasance or malfeasance demonstrated by a pattern of failure to perform job duties diligently and professionally.

For purposes of Mr. Raab's employment agreement and Dr. Rosenbaum's Change in Control Severance Agreement, "good reason" means the occurrence of: (i) a material diminution in the NEO's authority, duties, or responsibilities, which substantially reduces the nature or character of his position with the company; (ii) a reduction by the company of his base salary as in effect immediately prior to such reduction; (iii) a relocation of his principal office to a location more than 50 miles from the location of the company's principal office (in the case of Mr. Raab, as of Mr. Raab's start date and in the case of Dr. Rosenbaum, as of immediately prior to such relocation), except for required travel by him on the company's business; or (iv) any material breach by the company of any provision of the NEO's employment agreement or offer letter which the company does not cure within 30 days following written notice from the NEO, provided that in order for "good reason" to exist, each of the following conditions must be met: (i) the foregoing good reason conditions must have occurred without the NEO's express written consent; (ii) the NEO must provide written notice to us of such condition within 30 days of the initial existence of the condition; (iii) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice; and (iv) the date of the NEO's resignation of employment must occur within 60 days after the initial existence of the condition specified in such notice.

For purposes of Dr. Charmot's employment agreement, "good reason" means: (i) a significant reduction of Dr. Charmot's duties, position or responsibilities relative to his duties, title, position or responsibilities in effect immediately prior to such reduction; (ii) a significant reduction of Dr. Charmot's base salary, target bonus or aggregate compensation in effect immediately prior to such reduction, unless such reduction is part of an across-the-board reduction in the salary level of all other executive officers of the company by the same percentage amount; or (iii) the relocation of Dr. Charmot to a facility or a location more than 40 miles from the company's principal executive office (excluding regular travel in the ordinary course of business), provided that in order for "good reason" to exist, each of the following conditions must be met: (i) the foregoing good reason conditions must have occurred without the Dr. Charmot's express written consent; (ii) Dr. Charmot must provide written notice to us of such condition within three months of the initial existence of the condition; and (iii) the condition specified in such notice must remain uncorrected for 20 calendar days after receipt of such notice.

For purposes of Dr. Charmot's employment agreement, "disability" means: (i) Dr. Charmot's eligibility for the company's long term disability benefits or (ii) in the sole opinion of the company, his inability to carry out the responsibilities and functions of the position held by him by reason of any physical or mental impairment for more than 90 consecutive days or more than 120 days in any 12-month period.

For purposes of Mr. Raab's employment agreement and Dr. Rosenbaum's Change in Control Severance Agreement, "change in control" means: (i) the closing of a business combination (such as a merger or consolidation of the company with any other corporation or other type of business entity (such as a limited liability company), other than a business combination which would result in the voting securities of the company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the company; or (ii) the sale, lease, exchange or other transfer or disposition by the company of all or substantially all (more than seventy percent (70%)) of the company's assets by value; or (iii) an acquisition of any voting securities of the company by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50%) or more of the combined voting power of the company's then outstanding voting securities, excluding any acquisition resulting from a transaction in which the primary purpose is for the company to obtain financing from new or existing investors.

For purposes of Dr. Charmot's employment agreement, "change in control" means a change in ownership or control of the company effected through a merger, consolidation or acquisition by any person or related group of persons (other than an acquisition by the company or by a company-sponsored employee benefit plan or by a person or persons that directly or indirectly controls, is controlled by, or is under common control with, the company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act of securities possessing more than fifty percent (50%) of the total combined voting power of the outstanding securities of the company; provided, that an equity financing in which the company is the surviving corporation, or any reorganization, merger or consolidation effected exclusively for the purpose of changing the domicile of the company, shall not constitute a change in control.

In addition, we are entering into or amending and restating change in control severance agreements with our named executive officers, which will provide for the following:

In the event Mr. Raab's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case more than three months prior to or more than 12 months after a change in control, then Mr. Raab will receive: (i) continued payment of his annual base salary as in effect immediately prior to such termination for a period of 12 months; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of such termination; and (iii) 12 months of accelerated vesting of any outstanding equity awards, with any options remaining exercisable until 12 months following the date of termination or the original expiration date. In the event Mr. Raab's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case within three months prior to and 12 months after a change in control, then Mr. Raab will receive: (i) a lump sum amount equal to 1.5 multiplied by the sum of his base salary as in effect immediately prior to such termination and his target annual bonus for the year of termination; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 18 months following the date of such termination; and (iii) full accelerated vesting of any outstanding equity awards, with any options remaining exercisable until 12 months following the date of termination or the original expiration date.

In the event Dr. Charmot's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case more than three months prior to or more than 12 months after a change in control, then Dr. Charmot will receive: (i) continued payment of his annual base salary as in effect immediately prior to such termination for a period of nine months; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of such termination; and (iii) accelerated vesting of 50% of his then outstanding and unvested equity awards. In the event Dr. Charmot's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case within three months prior to and 12 months after a change in control, then Dr. Charmot will receive: (i) a lump sum amount equal to the sum of his base salary as in effect immediately prior to such termination and his target annual bonus for the year of termination; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of such termination; and (iii) full accelerated vesting of any outstanding equity awards, with any options remaining exercisable until 12 months following the date of termination or the original expiration date.

In the event Dr. Rosenbaum's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case more than three months prior to or more than 12 months after a change in control, then Dr. Rosenbaum will receive: (i) continued payment of his annual base salary as in effect immediately prior to such termination for a period of six months; and (ii) payment of healthcare continuation costs for him and his eligible dependents for up to six months following the date of such termination. In the event Dr. Rosenbaum's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case within three months prior to and 12 months after a change in control, then Dr. Rosenbaum will receive: (i) a lump sum amount equal to 0.75 multiplied by the sum of his base salary as in effect immediately prior to such termination and his target annual bonus for the year of termination; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to nine months following the date of

such termination; and (iii) full accelerated vesting of any outstanding equity awards, with any options remaining exercisable until 12 months following the date of termination or the original expiration date.

Terms and Conditions of Annual Bonuses

For 2013, our NEOs were eligible for performance-based cash incentives pursuant to the achievement of certain corporate and individual performance objectives. The performance goals for these annual performance cash bonuses were reviewed and approved by the board of directors. The determination of the amount of bonuses paid to our NEOs generally reflects a number of considerations, including individual performance and financing and research goals.

Each NEO's target bonus opportunity is expressed as a percentage of base salary which can be achieved by meeting corporate and individual performance goals. Our board of directors or our compensation committee has historically reviewed these target percentages to ensure they are adequate, but does not follow a formula. Instead, our board of directors or our compensation committee has set these rates based on each participating executive's experience in her or his role with the company and the level of responsibility held by each executive, which the board of directors or our compensation committee believe directly correlates to her or his ability to influence corporate results. For fiscal year 2013, our board of directors used a guideline target bonus opportunity of 30% of base salary for Mr. Raab, 25% of base salary for Dr. Charmot, and 20% of base salary for Dr. Rosenbaum.

For determining performance bonus amounts for our NEOs for 2013, our board of directors set certain corporate performance goals. In setting these goals, our board of directors considered the status of our discovery programs, our financial status, and our role in certain critical activities being conducted under the collaboration partnership with AstraZeneca. Of the ten corporate goals, six were tied to the achievement of specific development milestones for tenapanor, two were aimed at advancing our internal discovery programs, and the remaining two addressed financing and business development objectives. While the board of directors did not specify specific goals for individuals, each individual's participation in the achievement of the corporate goals was assessed, as well as the executive's handling of unplanned events and opportunities. For 2013, the corporate and individual components of the annual bonus were weighted at 80% and 20%, respectively, for Mr. Raab, 70% and 30%, respectively, for Dr. Charmot, and 60% and 40% for Dr. Rosenbaum. The board of directors determined that 40% of the corporate goals had been achieved, and that Mr. Raab, Dr. Charmot and Dr. Rosenbaum achieved 70%, 50% and 110% of their individual goals, respectively.

Following its review and determinations of corporate and individual achievements for 2013, the board of directors awarded cash bonuses to Mr. Raab, Dr. Charmot and Dr. Rosenbaum in amounts equal to 14%, 11% and 14% of each of their base salaries, respectively. The NEOs' 2013 bonuses are set forth in the "2013 Summary Compensation Table" above.

Terms and Conditions of Equity Award Grants

None of our NEOs received grants of equity awards in 2013. The table above entitled "Outstanding Equity Awards at 2013 Fiscal Year End" describes the material terms of other option awards made in past fiscal years to our NEOs.

Terms and Conditions of 401(k) Plan

Our U.S. eligible employees, including our NEOs, participate in our 401(k) plan. Enrollment in the 401(k) plan is automatic for employees who meet eligibility requirements unless they decline participation. The 401(k) plan is intended to qualify under Section 401(k) of the Internal Revenue Service Code of 1986, as amended, so that contributions to the 401(k) plan by employees or by us, and the investment earnings thereon, are not taxable to the employees until withdrawn from the 401(k) plan, and so that contributions by us, if any, will be deductible by us when made. Under the 401(k) plan, employees may elect to reduce their current compensation by between

1% and 90% of eligible pay, up to the statutorily prescribed annual limit and to have the amount of such reduction contributed to the 401(k) plan. We do not provide any matching contributions under the 401(k) plan.

Equity Compensation Plans

2014 Equity Incentive Award Plan

We have adopted the 2014 Equity Incentive Award Plan, or 2014 Plan, which will be effective on the closing of this offering. The principal purpose of the 2014 Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards. The material terms of the 2014 Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the 2014 Plan and, accordingly, this summary is subject to change.

Share Reserve. Under the 2014 Plan, shares of our common stock will be initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards, deferred stock awards, deferred stock unit awards, dividend equivalent awards, stock payment awards and performance awards, plus the number of shares remaining available for future awards under the 2008 Stock Incentive Plan, as amended, or 2008 Stock Plan, as of the consummation of this offering. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2014 Plan will be increased by (i) the number of shares represented by awards outstanding under our 2008 Stock Incentive Plan, as amended, that are forfeited or lapse unexercised and which following the effective date are not issued under our 2008 Stock Incentive Plan, as amended, and (ii), if approved by our board of directors or the compensation committee of our board of directors, an annual increase on the first day of each fiscal year beginning in 2015 and ending in 2024, equal to the least of (A) shares, (B) percent (%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (C) such smaller number of shares of stock as determined by our board of directors; provided, however, that no more than shares of stock may be issued upon the exercise of incentive stock options.

The following counting provisions will be in effect for the share reserve under the 2014 Plan:

- generally, to the extent that an award terminates, expires or lapses for any reason or an award is settled in cash without the delivery of shares, any shares subject to the award at such time will be available for future grants under the 2014 Plan;
- however, the following shares will not become available for future grants under the 2014 Plan:
  - to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to an option or stock appreciation right under the 2014 Plan;
  - shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation on exercise thereof; and
  - shares repurchased on the open market with cash proceeds from the exercise of options;
- to the extent that shares of our common stock are repurchased by us prior to vesting so that shares are returned to us, such shares will be available for future grants under the 2014 Plan;
- the payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2014 Plan; and
- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the 2014 Plan.

Currently, there is no limit on the number of shares that may be covered by awards or the maximum aggregate dollar amount subject to awards payable in cash granted to any individual during any calendar year.

However, after a limited transition period, no individual may be granted awards covering more than shares in any calendar year and no individual may be paid more than an aggregate of $ in cash in any calendar year. The limited transition period will expire on the earliest of:

- the first material modification the 2014 Plan;
- the issuance of all of the shares of our common stock reserved for issuance under the 2014 Plan;
- the expiration of the 2014 Plan;
- the first meeting of our stockholders at which members of our board of directors are to be elected that occurs after the close of the third calendar year following the calendar year in which this offering occurs; and
- such earlier date as may be required by Section 162(m) of the Internal Revenue Code.

In addition, the maximum aggregate value of awards that may be granted to any non-employee director pursuant to the 2014 Plan during any calendar year is .

Administration. The compensation committee of our board of directors is expected to administer the 2014 Plan unless our board of directors assumes authority for administration. Unless otherwise determined by our board of directors, the compensation committee will consist of at least two members of our board of directors, each of whom is intended to qualify as an "outside director," within the meaning of Section 162(m) of the Code, a "non-employee director" for purposes of Rule 16b-3 under the Exchange Act and an "independent director" within the meaning of the rules of the applicable stock exchange, or other principal securities market on which shares of our common stock are traded. The 2014 Plan provides that the board or compensation committee may delegate its authority to grant awards to employees other than executive officers and certain senior executives of the company to a committee consisting of one or more members of our board of directors or one or more of our officers, other than awards made to our non-employee directors, which must be approved by our full board of directors.

Subject to the terms and conditions of the 2014 Plan, the administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2014 Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the 2014 Plan. Our board of directors may at any time remove the compensation committee as the administrator and revest in itself the authority to administer the 2014 Plan. The full board of directors will administer the 2014 Plan with respect to awards to non-employee directors.

Eligibility. Options, SARs, restricted stock and all other stock-based and cash-based awards under the 2014 Plan may be granted to individuals who are then our officers, employees or consultants or are the officers, employees or consultants of certain of our affiliates. Such awards also may be granted to our directors. Only employees of our company or certain of our affiliates may be granted incentive stock options, or ISOs.

Awards. The 2014 Plan provides that the administrator may grant or issue stock options, SARs, restricted stock, restricted stock units, deferred stock, deferred stock units, dividend equivalents, performance awards, and stock payments, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Nonstatutory Stock Options*, or NSOs, will provide for the right to purchase shares of our common stock at a specified price which may not be less than fair market value on the date of grant, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of corporate performance targets and individual performance targets established by the administrator. NSOs may be granted for any term specified by the administrator that does not exceed ten years.

- *Incentive Stock Options*, or ISOs, will be designed in a manner intended to comply with the provisions of Section 422 of the Code and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs must have an exercise price of not less than the fair market value of a share of common stock on the date of grant, may only be granted to employees, and must not be exercisable after a period of ten years measured from the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the 2014 Plan provides that the exercise price must be at least 110% of the fair market value of a share of common stock on the date of grant and the ISO must not be exercisable after a period of five years measured from the date of grant.
- *Restricted Stock* may be granted to any eligible individual and made subject to such restrictions as may be determined by the administrator. Restricted stock, typically, may be forfeited for no consideration or repurchased by us at the original purchase price if the conditions or restrictions on vesting are not met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse, however, extraordinary dividends will generally be placed in escrow, and will not be released until restrictions are removed or expire.
- *Restricted Stock Units* may be awarded to any eligible individual, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Like restricted stock, restricted stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.
- *Deferred Stock Awards* represent the right to receive shares of our common stock on a future date. Deferred stock may not be sold or otherwise hypothecated or transferred until issued. Deferred stock will not be issued until the deferred stock award has vested, and recipients of deferred stock generally will have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the shares are issued. Deferred stock awards generally will be forfeited, and the underlying shares of deferred stock will not be issued, if the applicable vesting conditions and other restrictions are not met.
- *Deferred Stock Units* are denominated in unit equivalent of shares of our common stock, and vest pursuant to a vesting schedule or performance criteria set by the administrator. The common stock underlying deferred stock units will not be issued until the deferred stock units have vested, and recipients of deferred stock units generally will have no voting rights prior to the time when vesting conditions are satisfied.
- *Stock Appreciation Rights*, or SARs, may be granted in connection with stock options or other awards, or separately. SARs granted in connection with stock options or other awards typically will provide for payments to the holder based upon increases in the price of our common stock over a set exercise price. The exercise price of any SAR granted under the 2014 Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant. Except as required by Section 162(m) of the Code with respect to a SAR intended to qualify as performance-based compensation as described in Section 162(m) of the Code, there are no restrictions specified in the 2014 Plan on the exercise of SARs or the amount of gain realizable therefrom, although restrictions may be imposed by the administrator in the SAR agreements. SARs under the 2014 Plan will be settled in cash or shares of our common stock, or in a combination of both, at the election of the administrator.
- *Dividend Equivalents* represent the value of the dividends, if any, per share paid by us, calculated with reference to the number of shares covered by the award. Dividend equivalents may be settled in cash or shares and at such times as determined by the compensation committee or board of directors, as applicable.

- *Performance Awards* may be granted by the administrator on an individual or group basis. Generally, these awards will be based upon specific performance targets and may be paid in cash or in common stock or in a combination of both. Performance awards may include "phantom" stock awards that provide for payments based upon the value of our common stock. Performance awards may also include bonuses that may be granted by the administrator on an individual or group basis and which may be payable in cash or in common stock or in a combination of both.
- *Stock Payments* may be authorized by the administrator in the form of common stock or an option or other right to purchase common stock as part of a deferred compensation or other arrangement in lieu of all or any part of compensation, including bonuses, that would otherwise be payable in cash to the employee, consultant or non-employee director.

Change in Control. In the event of a change in control where the acquiror does not assume or replace awards granted, prior to the consummation of such transaction, awards issued under the 2014 Plan, other than performance awards, will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable or payable, as applicable. Performance awards will vest in accordance with the terms and conditions of the applicable award agreement. In addition, the administrator will also have complete discretion to structure one or more awards under the 2014 Plan to provide that such awards will become vested and exercisable or payable on an accelerated basis in the event such awards are assumed or replaced with equivalent awards but the individual's service with us or the acquiring entity is subsequently terminated within a designated period following the change in control event. The administrator may also make appropriate adjustments to awards under the 2014 Plan and is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. Under the 2014 Plan, a change in control is generally defined as:

- the transfer or exchange in a single transaction or series of related transactions by our stockholders of more than 50% of our voting stock to a person or group;
- a change in the composition of our board of directors over a two-year period such that the members of the board of directors who were approved by at least two-thirds of the directors who were directors at the beginning of the two year period or whose election or nomination was so approved cease to constitute a majority of the board of directors;
- a merger, consolidation, reorganization or business combination in which we are involved, directly or indirectly, other than a merger, consolidation, reorganization or business combination, sale or disposition of all or substantially all of our assets, or acquisition of assets or stock of another entity, in each case, other than a transaction that results in our outstanding voting securities immediately before the transaction continuing to represent a majority of the voting power of the acquiring company's outstanding voting securities and after which no person or group beneficially owns 50% or more of the outstanding voting securities of the surviving entity immediately after the transaction; or
- stockholder approval of our liquidation or dissolution.

Adjustments of Awards. In the event of a nonreciprocal transaction between the company and its stockholders such as any stock dividend, stock split, spin-off, recapitalization, distribution of our assets to stockholders (other than normal cash dividends) or any other corporate event affecting the number of outstanding shares of our common stock or the share price of our common stock, the administrator will make appropriate, proportionate adjustments to:

- the aggregate number and type of shares subject to the 2014 Plan;
- the number and kind of shares subject to outstanding awards and terms and conditions of outstanding awards (including, without limitation, any applicable performance targets or criteria with respect to such awards); and
- the grant or exercise price per share of any outstanding awards under the 2014 Plan.

In the event of certain other corporate transactions, in order to prevent dilution or enlargement of the potential benefits intended to be made available under the 2014 Plan, the administrator has the discretion to make such equitable adjustments and may also:

- provide for the termination or replacement of an award in exchange for cash or other property;
- provide that any outstanding award cannot vest, be exercised or become payable after such event;
- provide that awards may be exercisable, payable or fully vested as to shares of common stock covered thereby; or
- provide that any surviving corporation will assume or substitute outstanding awards under the 2014 Plan.

Amendment and Termination. Our board of directors or the compensation committee (with board approval) may terminate, amend or modify the 2014 Plan at any time and from time to time. However, we must generally obtain stockholder approval:

- to increase the number of shares available under the 2014 Plan (other than in connection with certain corporate events, as described above);
- reduce the price per share of any outstanding option or stock appreciation right granted under the 2014 Plan; or
- cancel any option or stock appreciation right in exchange for cash or another award when the option or stock appreciation right price per share exceeds the fair market value of the underlying shares.

Termination. The board of directors may terminate the 2014 Plan at any time. No awards may be granted pursuant to the 2014 Plan after the tenth anniversary of the effective date of the 2014 Plan. Any award that is outstanding on the termination date of the 2014 Plan will remain in force according to the terms of the 2014 Plan and the applicable award agreement.

We intend to file with the SEC a registration statement on Form S-8 covering the shares of our common stock issuable under the 2014 Plan.

2008 Stock Incentive Plan

Our board of directors adopted, and our stockholders approved, the 2008 Stock Incentive Plan, or 2008 Stock Plan, effective as of February 12, 2008, which was subsequently amended on May 27, 2008, June 22, 2011 and December 6, 2012 to increase the number of shares available under the 2008 Stock Plan. The 2008 Stock Plan provided for the grant of ISOs, NSOs, SARs, restricted stock, restricted stock units, dividend equivalents and any other rights or benefits not inconsistent with the 2008 Stock Plan. As of March 31, 2014, options to purchase 7,924,604 shares of our common stock at a weighted-average exercise price per share of $0.14 remained outstanding under the 2008 Stock Plan. No other equity awards have been granted under the 2008 Stock Plan. As of March 31, 2014, 238 shares of our common stock were available for future issuance pursuant to awards granted under the 2008 Stock Plan. Following this offering and in connection with the effectiveness of our 2014 Plan, the 2008 Stock Plan will terminate and no further awards will be granted under the 2008 Stock Plan. However, all outstanding awards will continue to be governed by their existing terms.

Administration. Our board of directors, or a committee thereof appointed by our board of directors, has the authority to administer the 2008 Stock Plan and the awards granted under it, provided that after our common stock is sold to the public pursuant to a registration statement filed with the Securities and Exchange Commission, the 2008 Stock Plan will be administered by the board or a committee constituted in a manner to permit grants to be exempt from Section 16(b) of the Exchange Act with respect to grants of awards to directors. In addition, grants of awards to "covered employees" within the meaning of Section 162(m) of the Code may only be made by a committee comprised solely of two or more directors eligible to serve on a committee granting awards qualifying as "performance-based

compensation" within the meaning of Section 162(m) of the Code. The administrator has the authority to select the employees to whom awards will be granted under the 2008 Stock Plan, the number of shares to be subject to those awards under the 2008 Stock Plan, and the terms and conditions of the awards granted. In addition, the administrator has the authority to construe and interpret the 2008 Stock Plan and to adopt rules for the administration, interpretation and application of the 2008 Stock Plan that are consistent with the terms of the 2008 Stock Plan.

Eligibility. Awards other than ISOs may be granted to any of our employees, consultants or directors or any employees, consultants or directors of a parent or subsidiary of our company. Only employees of our company and a parent or subsidiary of our company may be granted incentive stock options, or ISOs.

Awards. The 2008 Stock Plan provides that the administrator may grant or issue options, including ISOs and NSOs, SARs, restricted stock, restricted stock units, dividend equivalents and any other rights or benefits not inconsistent with the 2008 Stock Plan to eligible participants. Each award will be designated in an award agreement and in the case of an option, will be designated as either an ISO or NSO. The administrator will determine the provisions, terms and conditions of each award, including the vesting schedule, repurchase provisions, right of first refusal, forfeiture provisions, form of payment and any performance criteria. From time to time, the administrator may also establish one or more separate programs under the 2008 Stock Plan for the purpose of issuing particular forms of awards to one or more classes of grantees. No award may have a term of more than ten years from the date of grant, except that in the case of an ISO granted to an individual who owns stock representing more than 10% of the voting power of all classes of stock of the company or any parent or subsidiary of the company, the term of the ISO will be no more than five years from the date of grant.

- *Stock Options.* The 2008 Stock Plan provides for the grant of ISOs under the federal tax laws or NSOs. ISOs may be granted only to employees, and NSOs may be granted to employees, directors or consultants. The exercise price of options may not be less than 100% of the fair market value per share of our common stock on the date of grant, provided that the exercise price of ISOs granted to employees who at the time of grant own stock representing more than 10% of the voting power of all classes of our common stock may not be less than 110% of the fair market value per share of our common stock on the date of grant. Shares subject to options under the 2008 Stock Plan generally vest in a series of installments over an optionee's period of service.
- *Stock Appreciation Rights*. The 2008 Stock Plan provides that we may issue SARs. Each SAR will be governed by a stock appreciation right agreement and may be granted in connection with stock options or other awards, or separately. SARs typically will provide for payments to the holder based upon increases in the price of our common stock over a set exercise price. The base appreciation amount of each SAR may not be less than 100% of the fair market value per share of our common stock on the date of grant.
- *Restricted Stock Awards.* The 2008 Stock Plan provides that we may issue restricted stock awards. Each restricted stock award will be governed by a restricted stock award agreement, which will detail the restrictions on transferability, risk of forfeiture and other restrictions the administrator approves. In general, restricted stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered until restrictions are removed or expire. Holders of restricted stock, unlike recipients of other equity awards, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse.
- *Restricted Stock Units.* The 2008 Stock Plan provides that we may issue restricted stock unit awards which may be settled in cash, common stock, other securities or a combination thereof. Each restricted stock unit award will be governed by a restricted stock unit award agreement and may be awarded to any eligible individual, subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Restricted stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or, unless otherwise determined by the administrator, dividend rights prior to the time when vesting conditions are satisfied, except dividend equivalents may be credited in respect of shares of common stock.

- *Dividend Equivalents*. The 2008 Stock Plan provides that dividend equivalents may be awarded to employees, consultants or directors. Dividend equivalents represent the value of the dividends, if any, per share paid by us, calculated with reference to the number of shares covered by the award. Dividend equivalents may be settled in cash, shares, other awards or other property equal in value to dividends paid and at such times as determined by the administrator.
- *Other Awards.* The 2008 Stock Plan also authorizes the administrator to award any type of arrangement to an employee, director or consultant that is not inconsistent with the provisions of the 2008 Stock Plan and by its terms involves or might involve the issuance of shares, cash, or right similar to an option or SAR, with an exercise or conversion privilege related to the passage of time, occurrence of one or more events or satisfaction of performance criteria or other conditions.

Exercisability. In the event of a termination of a participant's continuous service other than for disability or death, the participant may exercise the portion of participant's award that was vested at the date of termination (or such other portion as may be determined by the administrator) during such period of time as determined by the administrator. In the event of a termination of a participant's continuous service as a result of disability, the participant may exercise the vested portion of his or her award as of termination within 12 months from the date of termination (or such longer period specified in the award agreement, but in no event later than the original expiration date). In the event of a termination of a participant's continuous service as a result of death or in the event of participant's death during any post-termination exercise period, the participant's estate may exercise the vested portion of his or her award as of termination within 12 months from the date of termination (or such longer period specified in the award agreement, but in no event later than the original expiration date).

Transferability. ISOs may not be sold or otherwise transferred in any manner other than by will or the laws of descent and distribution and may be exercised only by the participant during the lifetime of the participant. Awards other than ISOs are transferable only by will and the laws of descent and distribution and during the lifetime of the participant, to the extent authorized by the administrator by gift or pursuant to a domestic relations order to members of the participant's immediate family. The participant may also designate one or more beneficiaries in the event of death on a designated form provided by the administrator.

Changes in Capitalization. In the event of certain corporate adjustments, including any stock split, stock dividend, combination or reclassification of shares, any other increase or decrease in the number of shares effected without receipt of consideration by the company, or any other transaction with respect to common stock including a merger, consolidation, reorganization or liquidation, the administrator will proportionately adjust the number of shares covered by each outstanding award, the number of shares authorized for issuance under the 2008 Stock Plan, the exercise or purchase price of each outstanding award, individual share limits under the 2008 Stock Plan, as well as any other terms the administrator determines requires adjustment. In connection with such adjustments, the administrator may, in its discretion, prohibit the exercise of awards or other issuance of shares, cash or other consideration pursuant to awards during certain periods of time.

Change in Control. In the event of certain mergers, sales of all or substantially all of the company's assets and the complete liquidation or dissolution of the company, or Corporate Transaction, outstanding awards may be assumed or substituted and to the extent not assumed or substituted, will termination upon the consummation of the Corporate Transaction. Except as otherwise provided in an individual award agreement, in the event of a Corporate Transaction or a change in control of the company, the vesting or exercisability of awards will not be accelerated.

Amendment; Termination. Our board of directors may amend or terminate the 2008 Stock Plan. The company will obtain stockholder approval of any amendment to the extent necessary to comply with applicable law. No suspension or termination of the 2008 Stock Plan may adversely affect any rights under awards already granted to a participant. Following this offering and in connection with the effectiveness of our 2014 Plan, the 2008 Stock Plan will terminate and no further awards will be granted under the 2008 Stock Plan.

We intend to file with the SEC a registration statement on Form S-8 covering our shares of common stock issuable under the 2008 Stock Plan.

Employee Stock Purchase Plan

We have adopted an Employee Stock Purchase Plan, which we refer to as our ESPP, which will be effective upon the effectiveness of the registration statement to which this prospectus relates. The ESPP is designed to allow our eligible employees to purchase shares of our common stock, at semi-annual intervals, with their accumulated payroll deductions. The ESPP is intended to qualify under Section 423 of the Code.

Plan Administration. Subject to the terms and conditions of the ESPP, our compensation committee will administer the ESPP. Our compensation committee can delegate administrative tasks under the ESPP to the services of an agent and/or employees to assist in the administration of the ESPP. The administrator will have the discretionary authority to administer and interpret the ESPP. Interpretations and constructions of the administrator of any provision of the ESPP or of any rights thereunder will be conclusive and binding on all persons. We will bear all expenses and liabilities incurred by the ESPP administrator.

Shares Available Under ESPP. The maximum number of our shares of our common stock which will be authorized for sale under the ESPP is equal to the sum of (a) shares of common stock and (b), if approved by our board of directors or the compensation committee of our board of directors, an annual increase on the first day of each year beginning in 2015 and ending in 2024, equal to the lesser of (i) percent (%) of the shares of common stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (ii) such number of shares of common stock as determined by our board of directors; provided, however, no more than shares of our common stock may be issued under the ESPP. The shares made available for sale under the ESPP may be authorized but unissued shares or reacquired shares reserved for issuance under the ESPP.

Eligible Employees. Employees eligible to participate in the ESPP for a given offering period generally include employees who are employed by us or one of our subsidiaries on the first day of the offering period, or the enrollment date. Our employees and any employees of our subsidiaries who customarily work less than five months in a calendar year or are customarily scheduled to work less than 20 hours per week will not be eligible to participate in the ESPP. Finally, an employee who owns (or is deemed to own through attribution) 5% or more of the combined voting power or value of all our classes of stock or of one of our subsidiaries will not be allowed to participate in the ESPP.

Participation. Employees will enroll under the ESPP by completing a payroll deduction form permitting the deduction from their compensation of at least 1% of their compensation but not more than the lesser of % of their compensation and $25,000 per offering period. Such payroll deductions may be expressed as either a whole number percentage or a fixed dollar amount and the accumulated deductions will be applied to the purchase of shares on each semi-annual purchase date. However, a participant may not purchase more than shares in each offering period, and may not subscribe for more than $ in fair market value of shares our common stock (determined at the time the option is granted) during any calendar year. The ESPP administrator has the authority to change these limitations for any subsequent offering period.

Offering. Under the ESPP, participants are offered the option to purchase shares of our common stock at a discount during a series of successive offering periods, which will normally commence on and of each year. The initial offering period will commence and end on dates as determined by the ESPP administrator. Unless otherwise determined by the ESPP administrator, each offering period will have a duration of six months. However, in no event may an offering period be longer than 27 months in length.

The option purchase price will be the lower of 85% of the closing trading price per share of our common stock on the first trading date of an offering period in which a participant is enrolled or 85% of the closing

trading price per share on the semi-annual purchase date, which will occur on the last trading day of each offering period.

Unless a participant has previously canceled his or her participation in the ESPP before the purchase date, the participant will be deemed to have exercised his or her option in full as of each purchase date. Upon exercise, the participant will purchase the number of whole shares that his or her accumulated payroll deductions will buy at the option purchase price, subject to the participation limitations listed above.

A participant may cancel his or her payroll deduction authorization at any time prior to the end of the offering period. Upon cancellation, the participant will have the option to either (a) receive a refund of the participant's account balance in cash without interest or (b) exercise the participant's option for the current offering period for the maximum number of shares of common stock on the applicable purchase date, with the remaining account balance refunded in cash without interest. Following at least one payroll deduction, a participant may also decrease (but not increase) his or her payroll deduction authorization once during any offering period. If a participant wants to increase or decrease the rate of payroll withholding, he or she may do so effective for the next offering period by submitting a new form before the offering period for which such change is to be effective.

A participant may not assign, transfer, pledge or otherwise dispose of (other than by will or the laws of descent and distribution) payroll deductions credited to a participant's account or any rights to exercise an option or to receive shares of our common stock under the ESPP, and during a participant's lifetime, options in the ESPP shall be exercisable only by such participant. Any such attempt at assignment, transfer, pledge or other disposition will not be given effect.

Adjustments upon Changes in Recapitalization, Dissolution, Liquidation, Merger or Asset Sale. In the event of any increase or decrease in the number of issued shares of our common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the common stock, or any other increase or decrease in the number of shares of common stock effected without receipt of consideration by us, we will proportionately adjust the aggregate number of shares of our common stock offered under the ESPP, the number and price of shares which any participant has elected to purchase pursuant under the ESPP and the maximum number of shares which a participant may elect to purchase in any single offering period.

If there is a proposal to dissolve or liquidate us, then the ESPP will terminate immediately prior to the consummation of such proposed dissolution or liquidation, and any offering period then in progress will be shortened by setting a new purchase date to take place before the date of our dissolution or liquidation. We will notify each participant of such change in writing at least ten business days prior to the new exercise date. If we undergo a merger with or into another corporation or sale of all or substantially all of our assets, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or the parent or subsidiary of the successor corporation. If the successor corporation refuses to assume the outstanding options or substitute equivalent options, then any offering period then in progress will be shortened by setting a new purchase date to take place before the date of our proposed sale or merger. We will notify each participant of such change in writing at least ten business days prior to the new exercise date.

Amendment and Termination. Our board of directors may amend, suspend or terminate the ESPP at any time. However, the board of directors may not amend the ESPP without obtaining stockholder approval within 12 months before or after such amendment to the extent required by applicable laws.

We intend to file with the SEC a registration statement on Form S-8 covering our shares issuable under the ESPP.

Certain Relationships and Related Party Transactions

The following is a description of transactions since January 1, 2011 to which we have been a party, in which the amount involved exceeds $120,000, and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

Sales and Purchases of Securities

Series B Convertible Preferred Stock Financing

In June and August 2011, we issued an aggregate of 78,423,902 shares of our Series B convertible preferred stock at $0.3865 per share. 13,551,890 of those shares were issued in exchange for conversion of our notes payable on November 16, 2010 and 13,129,413 of those shares were issued in exchange for conversion of our notes payable on April 14, 2011, in both cases pursuant to our Secured Convertible Note and Warrant Purchase Agreement, dated November 16, 2010. Additionally, in connection with such issuances, we issued warrants to purchase an aggregate of 5,174,633 shares of our Series B convertible preferred stock at a price per share of $0.01, which we refer to as our Series B Financing Warrants. The Series B Financing Warrants automatically exercise in connection with this offering. The aggregate gross consideration received for these issuances was $30.3 million.

The table below sets forth the number of shares of Series B convertible preferred stock, the number of shares of Series B convertible preferred stock in exchange for conversion of notes payable, and the number of shares underlying the Series B Financing Warrants sold to our directors, executive officers or owners of more than 5% of a class of our capital stock, or an affiliate or immediate family member thereof:

Name	Number of Shares of Series B Convertible Preferred Stock	Number of Shares Underlying Series B Financing Warrants	Number of Shares of Series B Convertible Preferred Stock in exchange for conversion of notes payable from November 2010	Number of Shares of Series B Convertible Preferred Stock in exchange for conversion of notes payable from April 2011	Aggregate Purchase Price ($)
New Enterprise Associates 12, Limited Partnership(1)	26,157,008	2,615,700	6,850,269	6,636,713	$ 15,322,402
CMEA Ventures VII, L.P.(2)	15,829,500	1,582,949	4,145,594	4,016,355	9,272,695
CMEA Ventures VII (Parallel), L.P.(2)	405,886	40,588	106,297	102,983	237,762
Amgen Ventures, LLC	7,069,025	—	—	—	2,732,178
Peter G. Schultz, Ph.D.(3)	1,293,662	547,225	1,433,132	1,388,454	1,590,543
Jean Frechet, Ph.D.(4)	—	163,589	428,426	415,070	326,011

(1) David Mott, the Chairman of our board of directors, is a partner of New Enterprise Associates.
(2) David Collier, M.D., was a member of our board of directors until his resignation in March 2014, and is a managing director of CMEA Ventures.
(3) Dr. Schultz is a member of our board of directors.
(4) Dr. Frechet was a member of our board of directors until his resignation in March 2014.

Indemnification Agreements and Directors' and Officers' Liability Insurance

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, penalties

fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Investor Rights Agreements

We entered into an amended and restated investor rights agreement with the purchasers of our outstanding convertible preferred stock and certain holders of common stock and warrants to purchase our convertible preferred stock, including entities with which certain of our directors are affiliated. As of March 31, 2014, the holders of approximately 111.6 million shares of our common stock, including the shares of common stock issuable upon the conversion of our convertible preferred stock and shares of common stock issued upon exercise of warrants, are entitled to rights with respect to the registration of their shares under the Securities Act. For a more detailed description of these registration rights, see "Description of Capital Stock—Registration Rights." The investor rights agreement also provides for a right of first refusal in favor of certain holders of convertible preferred stock with regard to certain issuances of our capital stock. The rights of first refusal will not apply to, and will terminate upon the closing of, this offering.

Voting Agreement

We entered into an amended and restated voting agreement with certain holders of our common stock and convertible preferred stock. Upon the consummation of this offering, the amended and restated voting agreement will terminate. For a description of the amended and restated voting agreement, see "Management—Board Composition—Voting Arrangements."

Right of First Refusal and Co-Sale Agreement

We entered into an amended and restated right of first refusal and co-sale agreement with certain holders of our common stock and convertible preferred stock. This agreement provides for rights of first refusal and co-sale relating to the shares of our common stock held by the parties thereto. Upon the closing of this offering, the amended and restated right of first refusal and co-sale agreement will terminate.

Other Transactions

In November 2012, we entered into a consulting agreement with Susan Rosenbaum, Ph.D. the wife of Dr. David Rosenbaum, our Vice President, Drug Development. Dr. Susan Rosenbaum provides clinical operation services to us, and she is compensated at a rate of $125 per hour for her services. For the year ended December 31, 2013 and for the three months ended March 31, 2014, Dr. Susan Rosenbaum was a paid a total of $242,500 and $57,750, respectively, for her services pursuant to the consulting agreement. The consulting agreement is in effect until December 31, 2014, although it can be terminated by us with 14 days' written notice.

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a written related person transaction policy, to be effective upon the consummation of this offering, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act of 1933, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

Principal Stockholders

The following table sets forth information relating to the beneficial ownership of our common stock as of March 31, 2014, by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of March 31, 2014 through the exercise of any stock option, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 117,260,646 shares of our common stock outstanding as of March 31, 2014, which reflects the assumed conversion of all of our outstanding shares of convertible preferred stock into an aggregate of 103,655,115 shares of common stock. Shares of our common stock that a person has the right to acquire within 60 days of March 31, 2014 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Ardelyx, Inc., at 34175 Ardenwood Blvd., Fremont, CA 94555.

	Beneficial Ownership Prior to this Offering				Beneficial Ownership After this Offering	
Name and Address of Beneficial Owner	Number of Outstanding Shares Beneficially Owned	Number of Shares Exercisable Within 60 Days	Number of Shares Beneficially Owned	Percentage of Beneficial Ownership	Number of Shares Beneficially Owned	Percentage of Beneficial Ownership
5% and Greater Stockholders						
Entities Associated with New Enterprise Associates(1)	52,397,969	2,615,700	55,013,669	45.89%		
Entities Associated with CMEA(2)	32,522,878	1,623,537	34,146,415	28.72%		
Amgen Ventures(3)	7,069,025	—	7,069,025	6.03%		
Named Executive Officers and Directors						
Michael Raab(4)	752,927	2,736,145	3,489,072	2.91%		
David Rosenbaum, Ph.D.(5)	1,006,250	—	1,006,250	*		
Dominique Charmot, Ph.D.(6)	5,174,405	—	5,174,405	4.41%		
David Mott	—	—	—	*		
Richard Rodgers	—	—	—	*		
Peter Schultz, Ph.D.(7)	7,687,718	547,225	8,234,943	6.99%		
All directors and executive officers as a group (10 persons)(8)	16,001,199	6,021,340	20,988,170	17.02%		

* Indicates beneficial ownership of less than 1% of the total outstanding common stock.

(1) Consists of (a) 52,384,776 shares and 2,615,700 shares that may be acquired pursuant to the exercise of warrants within 60 days of March 31, 2014 held by New Enterprise Associates 12, Limited Partnership ("NEA 12") and

(b) 13,193 shares held by NEA Ventures 2008, L.P, or Ven 2008. NEA 12 GP, LLC, or NEA 12 LLC, is the sole general partner of NEA Partners 12, Limited Partnership NEA Partners 12, which is the sole general partner of NEA 12. The individual managers of NEA 12 LLC are M. James Barrett, Peter J. Barris, Forest Baskett, Ryan D. Drant, Patrick J. Kerins, Krishna 'Kittu' Kolluri, and Scott D. Sandell. NEA Partners 12, NEA 12 LLC, and the individual managers of NEA 12 LLC share voting and dispositive power with regard to the shares directly held by NEA 12. The shares directly held by Ven 2008 are indirectly held by Karen P. Welsh, the general partner of Ven 2008. Karen P. Welsh shares voting and dispositive power with regard to the shares directly held by Ven 2008. Each individual identified in this footnote disclaims beneficial ownership of such shares except to the extent of any respective pecuniary interest therein. The address of NEA 12 and Ven 2008 is 1954 Greenspring Drive, Suite 600, Timonium, MD 21903.

(2) Consists of (a) 31,709,805 shares and 1,582,949 shares that may be acquired pursuant to the exercise of warrants within 60 days of March 31, 2014 held by CMEA Ventures VII, L.P. and (b) 813,073 shares and 40,588 shares that may be acquired pursuant to the exercise of warrants within 60 days of March 31, 2014 held by CMEA Ventures VII (Parallel), L.P. David Collier is Managing Director of CMEA Ventures VII GP, L.P. and has voting and dispositive power with respect to the shares. The address of CMEA Ventures VII, L.P., and CMEA Ventures VII (Parallel) is 1 Letterman Drive, Building C, Suite CM500, San Francisco, CA 94129.

(3) These shares are owned directly by Amgen Ventures LLC, a wholly-owned subsidiary of Amgen Inc., or Amgen, and Amgen has the power to vote, acquire, hold and dispose of all shares. Amgen disclaims beneficial ownership of the securities except to the extent of its pecuniary interest therein. The address of Amgen Ventures LLC is One Amgen Center Drive, Thousand Oaks, CA 91320.

(4) Consists of (i) 752,927 shares directly owned by Mr. Raab and (ii) 2,736,145 shares that may be acquired pursuant to the exercise of stock options within 60 days of March 31, 2014 by Mr. Raab.

(5) Consists of (i) 232,922 shares directly owned by Dr. Rosenbaum, (ii) 698,328 shares owned directly by the David Paul Rosenbaum Family Trust and (iii) 75,000 shares owned directly by Dr. Rosenbaum's children.

(6) Consists of (i) 4,724,405 shares directly owned by Dr. Charmot and (ii) 450,000 shares directly owned by Dominique Charmot and Sylvie Charmot, Trustees of the Charmot 2012 Irrevocable Trust.

(7) Consists of (i) 7,424,956 shares directly owned by Dr. Schultz (ii) 262,762 shares held by certain trusts for the benefit of members of Dr. Schultz's family and (iii) 547,225 shares that may be acquired pursuant to the exercise of warrants within 60 days of March 31, 2014 by Dr. Schultz.

(8) Consists of 16,001,199 shares, 5,474,115 shares that may be acquired pursuant to the exercise of stock options within 60 days of March 31, 2014 and 547,225 shares that may be acquired pursuant to the exercise of warrants within 60 days of March 31, 2014.

Description of Capital Stock

The following summary describes our capital stock and the material provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, which will become effective immediately prior to the consummation of this offering, the investor rights agreement to which we and certain of our stockholders are parties and of the Delaware General Corporation Law. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investor rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is part.

General

Immediately prior to the consummation of this offering, we will file our amended and restated certificate of incorporation that authorizes 300,000,000 shares of common stock, $0.0001 par value per share, and 5,000,000 shares of preferred stock, $0.0001 par value per share. As of March 31, 2014, there were outstanding:

- 117,260,646 shares of our common stock, on an as-converted basis, held by approximately 64 stockholders of record;
- 5,174,633 shares of our common stock issuable upon exercise of outstanding warrants; and
- 7,924,604 shares of our common stock issuable upon exercise of outstanding stock options.

In connection with this offering, we will consummate a reverse stock split of our outstanding capital stock at a ratio to be determined.

Common Stock

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors. In addition, the affirmative vote of holders of 66 2/3% of the voting power of all of the then outstanding voting stock will be required to take certain actions, including amending certain provisions of our amended and restated certificate of incorporation, such as the provisions relating to amending our amended and restated bylaws, the classified board and director liability.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. The terms of our credit facility currently prohibit us from paying cash dividends on our common stock.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable.

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Immediately prior to the consummation of this offering, all outstanding shares of our convertible preferred stock will be converted into shares of our common stock. See Note 7 to our audited financial statements for a description of our currently outstanding convertible preferred stock. Immediately prior to the consummation of this offering, our amended and restated certificate of incorporation will be amended and restated to delete all references to such shares of convertible preferred stock. Upon the consummation of this offering, our board of directors will have the authority, without further action by our stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting, or the designation of, such series, any or all of which may be greater than the rights of common stock. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon our liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of our company or other corporate action. Immediately after consummation of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Warrants

The following table sets forth information about outstanding warrants to purchase shares of our stock as of March 31, 2014. All of our warrants will expire upon completion of this offering if not exercised.

Class of stock underlying warrants	Number of shares exercisable prior to this offering	Number of shares of common stock exercisable following this offering	Exercise price per share ($)	Expiration Date
Series B convertible preferred stock, par value $0.0001	3,880,977	— (1)	0.01	11/16/2020
Series B convertible preferred stock, par value $0.0001	1,293,656	— (2)	0.01	4/14/2021
	5,174,633	—		

(1) Automatically net exercises into shares of common stock at the consummation of this offering based on the assumed initial public offering price per share (the midpoint of the price range set forth on the cover page of this prospectus).

(2) Automatically net exercises into shares of common stock at the consummation of this offering based on the assumed initial public offering price per share (the midpoint of the price range set forth on the cover page of this prospectus).

Registration Rights

Under our amended and restated investor rights agreement, following the closing of this offering, the holders of approximately 111.6 million shares of common stock, including shares issuable upon exercise of warrants, or their transferees, have the right to require us to register their shares under the Securities Act of 1933, or Securities Act, so that those shares may be publicly resold, or to include their shares in any registration statement we file, in each case as described below.

Demand Registration Rights

Based on the number of shares outstanding as of March 31, 2014, after the consummation of this offering, the holders of approximately 108.8 million shares of our common stock, including shares issuable upon exercise of warrants, or their transferees, will be entitled to certain demand registration rights. Beginning 180 days following the effectiveness of the registration statement of which this prospectus is a part, the holders of at least 25% of these shares can, on not more than two occasions, request that we register all or a portion of their shares. Additionally, we will not be required to effect a demand registration during the period beginning 60 days prior to the filing and ending 180 days following the effectiveness of a company-initiated registration statement relating to an initial public offering of our securities, provided that we have complied with certain notice requirements to the holders of these shares.

Piggyback Registration Rights

Based on the number of shares outstanding as of March 31, 2014, after the consummation of this offering, in the event that we determine to register any of our securities under the Securities Act (subject to certain exceptions), either for our own account or for the account of other security holders, the holders of approximately 111.6 million shares of our common stock, including shares issuable upon exercise of warrants, or their transferees, will be entitled to certain "piggyback" registration rights allowing the holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a registration related to employee benefit plans, the offer and sale of debt securities, or corporate reorganizations or certain other transactions, the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares in the registration. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include.

Form S-3 Registration Rights

Based on the number of shares outstanding as of March 31, 2014, after the consummation of this offering, the holders of approximately 108.8 million shares of our common stock, including shares issuable upon exercise of warrants, or their transferees, will be entitled to certain Form S-3 registration rights. The holders of at least 25% of these shares can make a written request that we register their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered is at least $1.0 million. These stockholders may make an unlimited number of requests for registration on Form S-3, but in no event shall we be required to file more than two registrations on Form S-3 in any six month period.

Expenses of Registration

We will pay the registration expenses of the holders of the shares registered pursuant to the demand, piggyback and Form S-3 registration rights described above, including the expenses of one counsel for the selling holders.

Expiration of Registration Rights

The demand, piggyback and Form S-3 registration rights described above will expire, with respect to any particular stockholder, upon the earlier of five years after the consummation of this offering or when that stockholder can sell all of its shares under Rule 144 of the Securities Act during any 90 day period.

Anti-Takeover Effects of Provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws and Delaware Law

Some provisions of Delaware law and our amended and restated certificate of incorporation and our amended and restated bylaws that will be in effect immediately prior to the consummation of this offering contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a publicly-held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, such as discouraging takeover attempts that might result in a premium over the market price of our common stock.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Special Stockholder Meetings

Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our chairman of the board of directors, Chief Executive Officer or President, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.

Classified Board; Election and Removal of Directors; Filling Vacancies

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders, with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors. Our amended and restated certificate of incorporation provides for the removal of any of our directors only for cause and requires at least a 66 2/3% stockholder vote. For more information on the classified board, see "Management—Board Composition." Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of the board, may only be filled by a resolution of the board of directors unless the board of directors determines that such vacancies shall be filled by the stockholders. This system of electing and removing directors and filling vacancies may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Choice of Forum

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Although our amended and restated certificate of incorporation contain the choice of forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least 66 2/3% of the voting power of our then outstanding voting stock.

The provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Limitations of Liability and Indemnification Matters

For a discussion of liability and indemnification, see "Management—Limitation on Liability and Indemnification Matters."

The NASDAQ Global Market Listing

We have applied for the listing of our common stock on The NASDAQ Global Market under the symbol "ARDX."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent and registrar's address is .

Shares Eligible for Future Sale

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock, including shares issued upon the exercise of outstanding options or warrants, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future. As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after consummation of this offering due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

Sale of Restricted Shares

Based on the number of shares of our common stock outstanding as of March 31, 2014 and assuming an initial public offering price of per share (the midpoint of the price range set forth on the cover page of this prospectus), upon the closing of this offering and assuming (1) the conversion of our outstanding convertible preferred stock into 103,655,115 shares of common stock, (2) no exercise of the underwriters' option to purchase additional shares of common stock to cover over-allotments, (3) the net exercise of outstanding warrants that will expire or automatically exercise upon consummation of this offering into an aggregate of shares of common stock and (4) no exercise of any of our other outstanding options, we will have outstanding an aggregate of approximately shares of common stock. Of these shares, all of the shares of common stock to be sold in this offering, and any shares sold upon exercise of the underwriters' option to purchase additional shares to cover over-allotments, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 of the Securities Act. All remaining shares of common stock held by existing stockholders immediately prior to the consummation of this offering will be "restricted securities" as such term is defined in Rule 144. These restricted securities were issued and sold by us, or will be issued and sold by us, in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701, which rules are summarized below.

As a result of the lock-up agreements referred to below and the provisions of Rule 144 and Rule 701 under the Securities Act, based on the number of shares of our common stock outstanding as of March 31, 2014 and assumptions (1) – (4) described above, the shares of our common stock (excluding the shares sold in this offering) that will be available for sale in the public market are as follows:

Approximate Number of Shares	First Date Available for Sale into Public Market
shares	180 days after the date of this prospectus upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume limitations under Rule 144

Lock-Up Agreements

In connection with this offering, we, our directors, our executive officers and substantially all of our other stockholders and option holders have agreed, subject to certain exceptions, with the underwriters not to dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of the lock-up agreement continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Citigroup and Leerink.

Prior to the completion of the offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange

Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

Following the lock-up periods set forth in the agreements described above, and assuming that the representatives of the underwriters do not release any parties from these agreements, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, for at least 90 days, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our "affiliates" for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our "affiliates," is entitled to sell those shares in the public market (subject to the lock-up agreement referred to above, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than "affiliates," then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to above, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our "affiliates," as defined in Rule 144, who have beneficially owned the shares proposed to be sold for at least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our common stock that does not exceed the greater of:

- 1% of the number of common shares then outstanding, which will equal approximately shares of common stock immediately after this offering (calculated as of March 31, 2014 on the basis of the assumptions (1) – (4) described above); or
- the average weekly trading volume of our common stock on The NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 by our "affiliates" or persons selling shares on behalf of our "affiliates" are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who acquired common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 under the Securities Act before the effective date of the registration statement of which this prospectus is a part (to the extent such common stock is not subject to a lock-up agreement) is entitled to rely on Rule 701 to resell such shares beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act in reliance on Rule 144, but without compliance with the holding period requirements contained in Rule 144. Accordingly, subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 persons who are not our "affiliates," as defined in Rule 144, may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and

persons who are our "affiliates" may resell those shares without compliance with Rule 144's minimum holding period requirements (subject to the terms of the lock-up agreement referred to below, if applicable).

Registration Rights

Based on the number of shares outstanding as of March 31, 2014, after the consummation of this offering, the holders of approximately 111.6 million shares of our common stock, including shares issuable upon exercise of warrants, or their transferees, will, subject to any lock-up agreements they have entered into, be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. For a description of these registration rights, see "Description of Capital Stock—Registration Rights." If the offer and sale of these shares are registered, they will be freely tradable without restriction under the Securities Act.

Stock Plans

We intend to file with the SEC a registration statement under the Securities Act covering the shares of common stock that we may issue upon exercise of outstanding options reserved for issuance under our 2008 Stock Incentive Plan, as amended, and shares reserved for issuance under our 2014 Equity Incentive Award Plan and 2014 Employee Stock Purchase Plan. Such registration statement is expected to be filed and become effective as soon as practicable after the consummation of this offering. Accordingly, shares registered under such registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

Material U.S. Federal Income Tax Consequences to Non-U.S. Holders

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service ("IRS"), in each case in effect as of the date of this Registration Statement. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the tax on net investment income imposed by Section 1411 of the Code. In addition, it does not address consequences relevant to Non-U.S. Holders subject to particular rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND

DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled "Dividend Policy," we do not anticipate paying any cash dividends in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the applicable withholding agent with the required certification, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI") by reason of our status as a U.S. real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually or constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. Proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends paid on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and IRS guidance, withholding under FATCA generally will apply to payments of dividends on our common stock made on or after July 1, 2014, and to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2017.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

Underwriting

Citigroup Global Markets Inc. and Leerink Partners LLC are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Leerink Partners LLC	
JMP Securities LLC	
Wedbush Securities Inc.	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the option to purchase additional shares described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the public offering price not to exceed $ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The representatives have advised us that the underwriters do not intend to make sales to discretionary accounts.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares at the public offering price less the underwriting discount solely to cover over-allotments, if any. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, and our officers and directors have agreed that, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of Citigroup and Leerink, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Citigroup and Leerink in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. We have applied to list our common stock on The NASDAQ Global Market under the symbol "ARDX."

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of common stock.

	Paid by Ardelyx	
	No Exercise	Full Exercise
Per share	$	$
Total	$	$

We estimate that our portion of the total expenses of this offering will be approximately $ million.

We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $ as set forth in the underwriting agreement.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the underwriters' option to purchase additional shares, and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.
    - "Covered" short sales are sales of shares in an amount up to the number of shares represented by the underwriters' option to purchase additional shares.
    - "Naked" short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters' option to purchase additional shares.
- Covering transactions involve purchases of shares either pursuant to the underwriters' option to purchase additional shares or in the open market in order to cover short positions.
    - To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
    - To close a covered short position, the underwriters must purchase shares in the open market or must exercise the option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.
- Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on The NASDAQ Global Market, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates for which they received, or may in the future receive, customary fees and commissions for these transactions.

Conflicts of Interest

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the

accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of securities to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia ("Corporations Act")) in relation to the common stock has been or will be lodged with the Australian Securities & Investments Commission ("ASIC"). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

a) you confirm and warrant that you are either:

i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

iii) a person associated with the company under section 708(12) of the Corporations Act; or

iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

b) you warrant and agree that you will not offer any of the common stock for resale in Australia within 12 months of that common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance

(Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $0.2 million (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

The form of Underwriting Agreement, to be attached as Exhibit 1.1 hereto, provides for indemnification by the underwriters of us and our officers who sign this Registration Statement and directors for specified liabilities, including matters arising under the Securities Act.

Legal Matters

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Latham & Watkins LLP, Menlo Park, California. Ropes & Gray LLP is acting as counsel for the underwriters in connection with this offering.

Experts

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements at December 31, 2012 and 2013, and for each of the two years in the period ended December 31, 2013, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Where You Can Find More Information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to Ardelyx, Inc. and the common stock offered hereby, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address is www.sec.gov.

Upon consummation of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at www.ardelyx.com. Upon consummation of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on our website, and you should not consider the contents of our website in making an investment decision with respect to our common stock.

ARDELYX, INC.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Ardelyx, Inc.

We have audited the accompanying balance sheets of Ardelyx, Inc. (the Company) as of December 31, 2012 and 2013, and the related statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ardelyx, Inc. at December 31, 2012 and 2013, and the results of its operations and its cash flows for each of the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Redwood City, California
April 11, 2014

Ardelyx, Inc.

Balance Sheets
(In thousands, except share and per share amounts)

	December 31, 2012	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 32,903	$ 34,435
Accounts receivable	3,072	6,436
Prepaid expenses and other current assets	885	965
Total current assets	36,860	41,836
Property and equipment, net	844	530
Other assets	—	358
Restricted cash	180	180
Total assets	$ 37,884	$ 42,904
Liabilities, convertible preferred stock, and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,146	$ 2,284
Accrued compensation and benefits	965	927
Other accrued liabilities	745	95
Deferred rent	364	5
Deferred revenue, current portion	13,571	13,828
Total current liabilities	16,791	17,139
Deferred revenue, non-current	19,091	26,470
Convertible preferred stock warrant liability	2,950	6,456
Liabilities related to early exercise of options	289	163
Total liabilities	39,121	50,228
Commitments and contingencies (Note 6)		
Convertible preferred stock, $0.0001 par value per share—108,829,748 shares authorized; 103,655,115 shares issued and outstanding as of December 31, 2012 and 2013, actual; aggregate liquidation preferences of $59,074 as of December 31, 2012 and 2013, actual; no shares issued and outstanding as of December 31, 2013, pro forma (unaudited)	56,155	56,155
Stockholders' deficit:		
Common stock, $0.0001 par value per share—129,360,120 and 130,360,121 shares authorized as of December 31, 2012 and 2013; 9,014,735 and 11,029,497 shares issued and outstanding as of December 31, 2012 and 2013, actual; shares issued and outstanding as of December 31, 2013, pro forma (unaudited)	1	1
Additional paid-in capital	4,696	5,173
Accumulated deficit	(62,089)	(68,653)
Total stockholders' deficit	(57,392)	(63,479)
Total liabilities, convertible preferred stock, and stockholders' deficit	$ 37,884	$ 42,904

See accompanying notes.

Ardelyx, Inc.

Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Year Ended December 31,	
	2012	2013
Revenue:		
Licensing revenue	$ 3,182	$ 8,063
Collaborative development revenue	2,228	20,865
Total revenue	5,410	28,928
Operating expenses:		
Research and development	10,184	28,093
General and administrative	4,031	3,700
Total operating expenses	14,215	31,793
Loss from operations	(8,805)	(2,865)
Other expense, net	(30)	(52)
Change in fair value of preferred stock warrant liability	(950)	(3,506)
Loss before provision for income taxes	(9,785)	(6,423)
Provision for income taxes	—	(141)
Net loss and comprehensive loss	$ (9,785)	$ (6,564)
Net loss per common share, basic and diluted	$ (1.26)	$ (0.65)
Shares used to compute net loss per common share, basic and diluted	7,776,345	10,152,207
Pro forma net loss per common share, basic and diluted (unaudited)		$
Shares used to compute pro forma net loss per common share, basic and diluted (unaudited)		

See accompanying notes.

Ardelyx, Inc.

Statements of Convertible Preferred Stock and Stockholders' Deficit
(In thousands, except share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of January 1, 2012	103,655,115	$56,155	5,935,553	$ 1	$ 4,048	$ (52,304)	$ (48,255)
Exercise of stock options and lapse of repurchase rights related to common shares issued pursuant to early exercises	—	—	3,079,182	—	175	—	175
Stock-based compensation	—	—	—	—	473	—	473
Net loss	—	—	—	—	—	(9,785)	(9,785)
Balance as of December 31, 2012	103,655,115	56,155	9,014,735	1	4,696	(62,089)	(57,392)
Exercise of stock options and lapse of repurchase rights related to common shares issued pursuant to early exercises	—	—	2,014,762	—	125	—	125
Stock-based compensation	—	—	—	—	352	—	352
Net loss	—	—	—	—	—	(6,564)	(6,564)
Balance as of December 31, 2013	103,655,115	$56,155	11,029,497	$ 1	$ 5,173	$ (68,653)	$ (63,479)

See accompanying notes.

Ardelyx, Inc.

Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2012	2013
Operating activities		
Net loss	$ (9,785)	$ (6,564)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	675	592
Stock-based compensation	473	352
Change in fair value of preferred stock warrant liability	950	3,506
Changes in operating assets and liabilities:		
Accounts receivable	(3,072)	(3,364)
Prepaid and other current assets	(790)	(80)
Other assets	—	(358)
Accounts payable	(105)	1,138
Accrued compensation and benefits	760	(38)
Other accrued liabilities	715	(650)
Deferred revenue	32,662	7,636
Deferred rent	(503)	(359)
Net cash provided by operating activities	21,980	1,811
Investing activities		
Purchases of property and equipment	(128)	(278)
Net cash used in investing activities	(128)	(278)
Financing activities		
Proceeds from issuance of common stock, including early exercise of stock options	290	1
Repurchase of unvested common stock	(20)	(2)
Net cash provided by (used in) financing activities	270	(1)
Net increase in cash and cash equivalents	22,122	1,532
Cash and cash equivalents at beginning of period	10,781	32,903
Cash and cash equivalents at end of period	$ 32,903	$ 34,435
Supplementary disclosure of cash flow information		
Income taxes paid	$ —	$ 160

See accompanying notes.

Ardelyx, Inc.

Notes to Financial Statements

1. Organization and Basis of Presentation

Ardelyx, Inc. (the "Company") a clinical stage biopharmaceutical company focused on the discovery, development and commercialization of innovative, non-systemic, small molecule therapeutics that work exclusively in the gastrointestinal tract to treat cardio-renal, gastrointestinal and metabolic diseases. The Company has developed a drug discovery and design platform enabling it, in a rapid and cost-efficient manner, to discover and design novel drug candidates. The Company was incorporated in Delaware on October 17, 2007, under the name Nteryx and changed its name to Ardelyx, Inc. in June 2008.

The Company operates in only one business segment, which is the development of biopharmaceutical products.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, clinical trial accruals, fair value of convertible preferred stock and related warrants, fair value of common stock, income taxes, and stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date of 90 days or less on the date of purchase to be cash equivalents. The Company invests its cash in bank deposits and money market accounts.

Restricted Cash

The Company is required to guarantee the credit limit on its corporate credit card with a certificate of deposit of $100,000. The collateral will be released upon the cancellation of the corporate credit card.

The Company is required under its facility lease agreement to maintain a line of credit with a bank in the amount of $80,000 for the benefit of the lessor. The line of credit is secured by a cash deposit with the bank. The cash deposit will be released upon expiration of the line of credit.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash, cash equivalents, and certificates of deposit. Cash and cash equivalents, as well as certificates of deposit held with financial institutions, may exceed the Federal Deposit Insurance Corporation insurance limits. The Company is exposed to credit risk in the event of default by the financial institutions holding its cash and cash equivalents to the extent of the amounts on its balance sheets. The Company has not experienced any losses on its cash, cash equivalents and certificates of deposit during the years ended December 31, 2012 and 2013.

Ardelyx, Inc.

Notes to Financial Statements

Accounts receivable are unsecured and are concentrated with one collaboration partner in the pharmaceutical industry, AstraZeneca AB ("AstraZeneca"). Accordingly, the Company may be exposed to credit risk generally associated with pharmaceutical companies or specific to the license and collaboration agreement with AstraZeneca. To date the Company has not experienced any losses related to its receivables.

Fair Value of Financial Instruments

Fair value accounting is applied for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements are amortized over the lesser of the estimated useful lives or the related remaining lease term.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. If indicators of impairment exist, an impairment loss would be recognized when estimated, undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. The impairment charge is determined based upon the excess of the carrying value of the asset over its fair value, with fair value determined based upon an estimate of discounted future cash flows or another appropriate measure of fair value. The Company has not recorded any impairment of long-lived assets during the years ended December 31, 2012 and 2013.

Revenue Recognition

Revenue from research activities made under collaboration partnership agreements are recognized as the services are provided and when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. Revenue generated from research and licensing agreements typically includes up-front signing or license fees, cost reimbursements, research services, minimum sublicense fees, milestone payments, and royalties on future licensees' product sales.

For revenue agreements with multiple-element arrangements, such as license and development agreements, the Company allocates revenue to each non-contingent element based on the relative selling price of each element. When applying the relative selling price method, the Company determines the selling price for each deliverable using vendor-specific objective evidence or third-party evidence. If neither exists, the Company uses its best estimate of selling price for that deliverable. Revenue allocated is then recognized when the four basic revenue recognition criteria are met for each element.

The Company recognizes revenue from upfront payments ratably over the term of its estimated period of performance under the agreement which is recorded as licensing revenue. Reimbursements for development costs incurred under the Company's license agreement with AstraZeneca are classified as collaborative development revenue. The Company recognizes cost reimbursement revenue under collaboration partnership agreements as the related research and development costs for services are rendered. Deferred revenue represents the portion of research or license payments received which has not been earned.

Ardelyx, Inc.

Notes to Financial Statements

Revenue from milestones, if they are nonrefundable and deemed substantive, are recognized upon successful accomplishment of the milestones. To the extent that non-substantive milestones are achieved and the Company has remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. The Company will recognize revenue associated with the non-substantive milestones upon achievement of the milestone if there are no undelivered elements and it has no remaining performance obligations. The Company will account for sales-based milestones as royalties that will be recognized as revenue upon achievement of the milestone.

Stock-Based Compensation

The Company measures its stock-based payment awards made to employees and directors based on the estimated fair values of the awards and recognizes the compensation expense over the requisite service period. The Company has selected the Black-Scholes option-pricing model to estimate the fair value of its stock-based awards. Stock-based compensation expense is recognized using the straight-line method. Stock-based compensation expense is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. As such, the Company's stock-based compensation is reduced for the estimated forfeitures at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company accounts for compensation expense related to stock options granted to non-employees based on the fair values estimated using the Black-Scholes model. Stock options granted to non-employees are remeasured at each reporting date until the award is vested.

Research and Development Costs

Research and development expenditures are expensed as incurred. Major components of research and development expenses consist of personnel costs, materials and supplies, and allocations of facilities-related costs, as well as fees paid to consultants and third parties that conduct certain research and development activities on the Company's behalf. Payments made to other entities are under agreements that are generally cancelable by the Company. Nonrefundable advance payments for goods or services to be rendered in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

Convertible Preferred Stock Warrant Liability

The Company accounts for freestanding warrants to purchase shares of convertible preferred stock that are contingently redeemable as liabilities in the balance sheets at their estimated fair value. Convertible preferred stock warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other expense, net in the statements of operations and comprehensive loss.

The Company will continue to adjust the liability for changes in fair value until the earlier of: (1) the exercise or expiration of the warrants or (2) the completion of a liquidation event, including the completion of an IPO, at which time all convertible preferred stock warrants will be net exercised and the liability will be reclassified to additional paid-in capital in stockholders' deficit.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Ardelyx, Inc.

Notes to Financial Statements

Comprehensive Loss

Comprehensive loss is composed of two components: net loss and other comprehensive income (loss). Other comprehensive income (loss) refers to gains and losses that under GAAP are recorded as an element of stockholders' deficit, but are excluded from net loss. The Company did not record any transactions within other comprehensive income (loss) in the periods presented and, therefore, the net loss and comprehensive loss were the same for all periods presented.

Net Loss per Common Share

Basic net loss per common share is calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net loss per common share is the same as basic net loss per common share, since the effects of potentially dilutive securities are antidilutive.

Unaudited Pro Forma Net Loss per Common Share

Pro forma basic and diluted net loss per share attributable to common stockholders has been computed to give effect to the conversion of all outstanding shares of the convertible preferred stock and the net exercise of the preferred stock warrants upon the closing of the IPO. Also, the numerator in the pro forma basic and diluted net loss per share attributable to common stockholders calculation has been adjusted to remove gains or losses resulting from the remeasurement of the convertible preferred stock warrant liability related to warrants to purchase shares of convertible preferred stock, as it will be reclassified to additional paid-in capital upon a IPO of the Company's common stock.

Recent Accounting Pronouncement

In July 2013, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update (ASU) 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. The ASU concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the law. The Company will adopt this amendment as of January 1, 2014. The result of adoption may be to reclassify certain long term tax liabilities to long term deferred tax assets, and the adoption will not result in a change to the tax provision. Management does not believe that the impact on the balance sheet will be significant.

3. Fair Value Measurements

Financial assets and liabilities are recorded at fair value. The carrying amounts of certain of the Company's financial instruments, including cash equivalents, accounts receivable and accounts payable, are valued at cost, which approximates fair value due to their short maturities. The accounting guidance for fair value provides a framework for measuring fair value, and requires certain new disclosures about how fair value is determined. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance also establishes a three-level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether such inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the reporting entity.

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The three-level hierarchy for the inputs to valuation techniques is briefly summarized as follows:

Level 1—Observable inputs such as quoted prices (unadjusted) for *identical* instruments in active markets.

Level 2—Observable inputs such as quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations whose significant inputs are observable.

Level 3—Unobservable inputs that reflect the reporting entity's own assumptions.

The following table sets forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy:

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
		(in thousands)		
Assets:				
Money market funds	$30,844	$30,844	$ —	$ —
Certificates of deposit	180	—	180	—
Total	$31,024	$30,844	$ 180	$ —
Liabilities:				
Preferred stock warrant liability	$ 2,950	$ —	$ —	$2,950
Total	$ 2,950	$ —	$ —	$2,950

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
		(in thousands)		
Assets:				
Money market funds	$32,472	$32,472	$ —	$ —
Certificates of deposit	180	—	180	—
Total	$32,652	$32,472	$ 180	$ —
Liabilities:				
Preferred stock warrant liability	$ 6,456	$ —	$ —	$6,456
Total	$ 6,456	$ —	$ —	$6,456

Where quoted prices are available in an active market, securities are classified as Level 1. The Company classifies money market funds as Level 1. When quoted market prices are not available for the specific security, then the Company estimates fair value by using benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The Company classifies certificates of deposit as Level 2. In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3. Level 3 liabilities that are measured at fair value on a recurring basis consist of the preferred stock warrant liability, which was measured in 2012 using its intrinsic value given the low exercise price of the warrants. In 2013, the Company estimated the fair value of the warrant liability using the probability weighted expected return method that calculated the probability of the Company going public or being acquired, and the option-pricing method for remaining private in the near to mid-term. The determination of the fair value of the preferred stock warrants is discussed in Note 8. Generally, increases or decreases in the fair value of the underlying convertible preferred stock would result in a directionally similar impact in the fair value measurement of the warrant liability. There were no transfers between Level 1 and Level 2 during the periods presented.

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The following table presents changes in liabilities measured at fair value on a recurring basis using Level 3 inputs:

	Preferred Stock Warrant Liability (in thousands)
Balance at January 1, 2012	$ 2,000
Net increase in fair value of warrant liabilities upon revaluation	950
Balance at December 31, 2012	2,950
Net increase in fair value of warrant liabilities upon revaluation	3,506
Balance at December 31, 2013	$ 6,456

4. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2012	2013
	(In thousands)	
Laboratory equipment	$ 2,037	$ 2,315
Office equipment and furniture	91	91
Leasehold improvements	1,456	1,456
Property and equipment, gross	3,584	3,862
Less: accumulated depreciation and amortization	(2,740)	(3,332)
Total property and equipment, net	$ 844	$ 530

Depreciation and amortization expense totaled $675,000 and $592,000 for the years ended December 31, 2012 and 2013.

5. License Agreement with AstraZeneca

In October 2012, the Company entered into a license agreement (the "License Agreement") pursuant to which the Company and AstraZeneca collaborate to research, develop, and commercialize the Company's small molecule NHE3 inhibitors program, which includes the Company's lead product candidate, tenapanor, as well as back-up compounds. Pursuant to the agreement, the Company granted a worldwide exclusive right and license to exploit such licensed compounds solely for development and commercialization purposes.

The Company is responsible for certain development activities from the effective date of the agreement through completion of the Chronic Kidney Disease ("CKD") Phase 2a clinical trial. AstraZeneca reimburses the Company for its internal and external development-related costs. The Company is also obligated to participate on a Development Collaboration Committee through the completion of all Phase 2 clinical trials for tenapanor. The Company will initially be responsible for supplying the compound of the licensed product for use in the development. The License Agreement also provides for the Company to transfer the technology and other necessary information such that AstraZeneca will be able to assume the responsibility for the supply of the drug product for use in later-stage clinical trials. As part of the transaction, the Company has an option to co-promote the product in the United States, subject to agreed limitations.

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Under the License Agreement, AstraZeneca paid the Company an up-front license fee of $35.0 million in October 2012. In December 2013, AstraZeneca and the Company entered into an amendment to the License Agreement to acknowledge the intention of AstraZeneca to commence development of tenapanor for the treatment of hyperphosphatemia in End-Stage Renal Disease ("ESRD") patients, and to provide additional clarification for the payment of certain development milestones (the "License Amendment"). The License Amendment was not deemed to be a material modification to the arrangement since there were no changes in the total arrangement consideration or key provisions. AstraZeneca made a payment of $15.0 million in December 2013 pursuant to the amendment. The payment was combined with the unamortized upfront payment and is being recognized as revenue on a straight-line basis over the estimated period of performance.

The Company may also receive future contingent payments up to a total of $820.0 million, which is comprised of development milestones up to an additional $222.5 million and launch, commercialization, and sales milestones up to an additional $597.5 million. The contingent payments are triggered upon the activities expected to be undertaken by AstraZeneca. Revenue from milestones, if they are nonrefundable and deemed substantive, are recognized upon successful accomplishment of the milestones. The Company will recognize revenue associated with the non-substantive milestones upon achievement of the milestones if there are no undelivered elements and it has no remaining performance obligations. To the extent that non-substantive milestones are achieved and the Company has remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance.

Upon product sales, the Company is eligible to receive royalties that adjust depending on sales volume with royalty percentage ranges starting in the high single digits and moving into tiered double digits in mid-teens as net sales increase, subject to reductions in certain specified circumstances.

The Company has identified the deliverables within the arrangement as a license to the technology, the initial supply of the compound of the licensed product for use in development, and ongoing development activities through completion of all Phase 2 clinical trials for tenapanor, which are accounted for as a single unit of accounting. The Company has concluded that the license is not a separate unit of accounting. It does not have stand-alone value to AstraZeneca, separable from the development services to be performed pursuant to the agreement, as AstraZeneca is unable to use the license for its intended purpose without the Company's performance of the development services, which includes the initial supply of the compound. As a result, the Company will recognize revenue from the up-front payment on a straight-line basis over the period from the effective date of the agreement through the completion of all Phase 2 clinical trials for tenapanor (the estimated period of performance). The Company initially estimated the period of performance to be through June 2015. In connection with its process for re-evaluating the progress of clinical activities, the Company subsequently revised its estimate for the period of performance for the completion of all Phase 2 clinical trials to be through December 2016. The $15.0 million payment received under the amendment was combined with the unamortized up-front payment and is being recognized as revenue on a straight-line basis over the estimated period of performance.

For the years ended December 31, 2012 and 2013, the Company recognized revenue amounting $3.2 million and $8.1 million, respectively, related to amortization of the up-front and other license fees, and $2.2 million and $20.9 million for collaborative development services. As of December 31, 2013, the Company has total deferred revenue of $40.3 million related to the AstraZeneca license agreement.

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6. Commitments and Contingencies

The Company entered into a lease agreement beginning in September 2008 for a facility in Fremont, California. The lease term was 60 months and ended in September 2013. The master lease agreement included scheduled rent increases over the term of the lease. Rent increases, including the impact of a rent holiday and a leasehold improvement allowance from the landlord, were recognized as deferred rent and amortized on a straight-line basis over the term of the original lease.

On December 20, 2012, the Company extended the lease agreement for 36 months. The extension period commenced in September 2013, and will end in September 2016. The extended lease agreement included scheduled rent increases, which are amortized on a straight-line basis over the term of the extension. The Company has the option to renew the lease for an additional three years. The future minimum payments under the noncancelable operating lease at December 31, 2013, are as follows:

Year ending December 31,	Amount (in thousands)
2014	$ 569
2015	585
2016	414
Total future minimum lease payments	$ 1,568

Rent expense under operating leases was $436,000 and $480,000 for the years ended December 31, 2012 and 2013, respectively.

Guarantees and Indemnifications

As permitted under Delaware law and in accordance with the Company's bylaws, the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is or was serving in such capacity. The maximum amount of potential future indemnification is unlimited; however, the Company currently holds director and officer liability insurance. This insurance allows the transfer of the risk associated with the Company's exposure and may enable it to recover a portion of any future amounts paid. The Company may terminate the indemnification agreements with its officers and directors upon a 90-day written notification, but termination will not affect claims for indemnification related to events occurring prior to the effective date of termination. The Company believes the fair value of these indemnification agreements is minimal. Accordingly, the Company has not recorded any liabilities associated with these indemnification agreements as of December 31, 2012 or 2013.

7. Convertible Preferred Stock

Convertible preferred stock as of December 31, 2012 and 2013 consisted of the following:

Convertible Preferred Stock:	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
	(In thousands, except share data)			
Series A	25,231,213	25,231,213	$25,957	$ 28,764
Series B	83,598,535	78,423,902	30,198	30,311
Total convertible preferred stock	108,829,748	103,655,115	$56,155	$ 59,074

The Company recorded the Series A and Series B convertible preferred stock at fair value on the dates of issuance, net of issuance costs. Shares of the convertible preferred stock are not currently redeemable. A

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redemption event will only occur upon liquidation or winding up of the Company, a greater than 50% change of control, or sale of substantially all of its assets. The Company classified the convertible preferred stock outside of stockholders' deficit because, in the event of certain liquidation events that are not solely within its control, the shares would become redeemable at the option of the holders. The Company did not adjust the carrying values of the convertible preferred stock to the deemed liquidation values of such shares since a liquidation event was not probable at any of the balance sheet dates. Subsequent adjustments to increase or decrease the carrying values to the ultimate liquidation values will be made only if and when it becomes probable that such a liquidation event will occur. The redemption amount of outstanding Series A is equal to its liquidation value, or $1.14 per share. The redemption amount of outstanding Series B is equal to its liquidation value, or $0.3865 per share.

The rights, privileges, and preferences of convertible preferred stock are as follows:

Conversion: Each share of convertible preferred stock is convertible, at the option of the holder, into one fully paid non-assessable share of common stock. The conversion formula is adjusted for such events as dilutive issuances, stock splits, or reclassification. Each and every series of preferred stock shall convert automatically into common stock at the earlier of (i) a firmly underwritten public offering meeting certain criteria, including an offering price per share of not less than $3.42, at least $30.0 million in gross proceeds, and pursuant to which the common stock shall be listed on the New York Stock Exchange or NASDAQ or (ii) the date specified by written request or agreement of holders of at least two-third of the then outstanding shares of convertible preferred stock (voting together as a separate class on an as-if converted to common stock basis).

Dividends: Holders of Series A and Series B are each entitled to non-cumulative dividends of $0.909 per share and $0.0309 per share, respectively, per annum, if and when declared by the Board of Directors. Dividends to Series A and Series B stockholders are to be paid in advance of any distributions to common stockholders. No dividends have been declared as of December 31, 2013.

Voting: Each holder of shares of convertible preferred stock is entitled to voting rights equivalent to the number of shares of common stock into which their respective shares are convertible. Certain financing, acquisition, disposition, and recapitalization transactions require the vote of a majority of the shares of outstanding preferred stock, provided at least 25% of the aggregate number of shares of convertible preferred stock that have been issued and remain outstanding.

Liquidation Preference: In the event of a liquidation or winding up of the Company, whether voluntary or involuntary, before payment is made to the holders of any other series of preferred stock or to the holders of common stock, holders of the Series A are entitled to be paid a liquation preference of $1.14 per share and Series B a liquidation preference of $0.3865 per share, together with any declared but unpaid dividends on the stockholders' preferred shares. If assets are insufficient to make payments in full to all holders of Series A and Series B, then the assets or consideration will be distributed ratably among the holders of convertible preferred stockholders. Remaining assets shall be distributed among the holders of the common stock on a pro rata basis based on the number of shares of common stock held.

Election of Board of Directors: The holders of convertible preferred stock are entitled to elect two members of the Board of Directors, and holders of common stock are entitled to elect two members. Convertible preferred stockholders, together with common stockholders voting together as a single class, are entitled to elect all remaining members of the Board of Directors.

8. Preferred Stock Warrants

In connection with the closing of the Series B financing in August 2011, the Company issued warrants for the purchase of 5,174,633 shares of Series B convertible preferred stock. The exercise price of the warrants is

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$0.01 per share. The warrants will be exercisable through the earliest to occur of an IPO, a change in control, or their expiration date. Warrants exercisable for 3,880,977 of the shares have an expiration date of November 16, 2020 and warrants exercisable for 1,293,656 of the shares have an expiration date of April 14, 2021. The preferred stock warrant liability is measured at fair value on a recurring basis. Changes in fair value are recorded in change in fair value of preferred stock warrant liability in the Statements of Operations and Comprehensive Loss. As a result of the low exercise price for the warrants, the Company used the intrinsic value of the warrants as a proxy for the fair value for financial reporting purposes. The Company revalued the warrants as of December 31, 2012 using their intrinsic value given their low exercise price. As of December 31, 2013, the Company revalued the warrants using a hybrid of the option pricing method and the probability-weighted expected return method. The hybrid methodology was applied to reflect two exit scenarios, IPO and merger using a market approach and the income approach was used in the stay private scenario. The scenarios were weighted based on the Company's estimate of the probability of each scenario: 20% for IPO; 10% for merger and 70% for stay private. As of December 31, 2012 and 2013, the fair value of this convertible preferred stock warrant liability amounted to $2.9 million and $6.5 million, respectively.

9. Stockholders' Deficit

2008 Stock Incentive Plan

In 2008, the Board of Directors approved the 2008 Stock Incentive Plan (the Plan), which provides for the granting of incentive and non-statutory stock options and stock purchase rights to employees, directors, and consultants at the discretion of management and the Board of Directors. In May 2008, the Board of Directors authorized the number of shares available for grant under the Plan to be 7,090,000. In August 2011, the Board of Directors authorized an additional 10,921,351 shares available for grant under the Plan. In November 2012, the Board of Directors authorized an additional 1,029,855 shares available for grant under the Plan.

Incentive stock options are granted with exercise prices not less than the estimated fair value of common stock, and non-statutory stock options may be granted with an exercise price of not less than 100% of the estimated fair value of the common stock on the date of grant. Options granted under the Plan expire no later than 10 years from the date of grant. Incentive stock options granted under the Plan vest over periods determined by the Board of Directors, generally over four years. Non-statutory stock options vest based on the terms of the individual agreement, generally from six months to four years.

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A summary of activities under the Plan is as follows:

	Shares Available for Grant	Options Issued and Outstanding		
		Number of Shares	Weighted-Average Exercise Price per Share	Aggregate Intrinsic Value (in thousands)
Balances at December 31, 2011	178,211	14,386,754	$ 0.06	
Options authorized	1,029,855	—		
Options granted	(731,095)	731,095	0.38	
Options exercised	—	(3,079,182)	0.06	
Options canceled	394,645	(394,645)	0.06	
Balance at December 31, 2012	871,616	11,644,022	$ 0.08	
Options granted	(896,000)	896,000	0.38	
Options exercised	—	(2,014,762)	0.06	
Options canceled	59,622	(59,622)	0.25	
Balance at December 31, 2013	35,238	10,465,638	$ 0.11	$ 9,899
Vested and expected to vest at December 31, 2013		10,465,638	$ 0.11	$ 9,899
Vested at December 31, 2013		8,540,334	$ 0.05	$ 8,619

The intrinsic value of options exercised was $3.1 million and $2.0 million for the years ended December 31, 2012 and 2013, respectively. The intrinsic value was calculated as the difference between the exercise price of the options and the estimated fair value of the Company's common stock of $1.06 per share as of December 31, 2013.

The total estimated grant date fair value of options vested during the years ended December 31, 2012 and 2013 was $271,000 and $289,000, respectively.

The following table summarizes information concerning outstanding and exercisable options under the Plan as of December 31, 2013:

	Options Outstanding and Exercisable		Options Vested	
Exercise Price	Number of Shares	Remaining Contractual Life (in Years)	Number of Shares	Remaining Contractual Life (in Years)
$0.03	117,292	5.03	4,280,792	5.22
$0.06	7,733,991	7.60	3,445,220	7.58
$0.11	15,000	4.03	30,000	4.02
$0.12	1,008,355	6.78	781,315	6.69
$0.38	1,591,000	9.08	3,007	8.83
	10,465,638		8,540,334	

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Early Exercise of Stock Options

The Plan allows for the granting of options that may be exercised before the options have vested. Shares issued as a result of early exercise that have not vested are subject to repurchase by the Company upon termination of the purchaser's employment or services, at the price paid by the purchaser, and are not deemed to be issued for accounting purposes until those related shares vest. The amounts received in exchange for these shares have been recorded as a liability on the accompanying balance sheets and will be reclassified into common stock and additional paid-in-capital as the shares vest. The Company's right to repurchase these shares generally lapses 1/48 of the original grant date per month over four years.

At December 31, 2012 and 2013, there were 4,614,348 and 2,576,034 shares of common stock outstanding, respectively, subject to the Company's right of repurchase at prices ranging from $0.03 to $0.12 per share. At December 31, 2012 and 2013, the Company recorded $289,000 and $163,000, respectively, as liabilities associated with shares issued with repurchase rights.

Stock-based Compensation

Total stock-based compensation recognized was as follows:

	Year Ended December 31,	
	2012	2013
	(in thousands)	
Research and development	$221	$200
General and administrative	252	152
Total stock-based compensation	$473	$352

At December 31, 2013, there was $549,000 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to unvested share options with a weighted-average remaining recognition period of 1.8 years.

In determining the fair value of the stock-based awards, the Company uses the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected Term—The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding. The Company used the simplified method to determine the expected term, which is calculated as the average of the time-to-vesting and the contractual life of the options.

Expected Volatility—Since the Company is privately held and does not have any trading history for its common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biopharmaceutical companies over a period equal to the expected term of the stock option grants. When selecting comparable publicly traded biopharmaceutical companies on which it has based its expected stock price volatility, the Company selected companies with comparable characteristics to it, including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. The historical volatility data was computed using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of the stock-based awards. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of its own stock price becomes available.

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Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

Expected Dividend—The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.

The fair value of stock option awards to employees was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31	
	2012	2013
Expected term (years)	5.73	6.07
Volatility	97%	98%
Risk-free interest rate	0.79%	1.35%
Dividend yield	— %	— %

The weighted-average, estimated grant-date fair value of employee stock options granted during the years ended December 31, 2012 and 2013 was $0.28 and $0.38 per share, respectively.

10. 401(k) Plan

The Company sponsors a 401(k) Plan that stipulates that eligible employees can elect to contribute to the 401(k) Plan, subject to certain limitations, on a pretax basis. Pursuant to the 401(k) Plan, the Company does not match any employee contributions.

11. Income Taxes

For the year ended December 31, 2013, the Company recorded an income tax provision of $141,000 due primarily to the recognition of the upfront payment received for the license agreement with AstraZeneca for alternative minimum tax purposes that could not be fully offset by tax attributes. For the year ended December 31, 2012, the Company did not record an income tax provision on pre-tax income because the Company incurred taxable losses for both state and federal income tax purposes.

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate:

	Year Ended December 31,	
	2012	2013
Expected income tax provision at the federal statutory rate	(35.0)%	(35.0)%
State taxes, net of federal benefit	0.0	1.4
Change in valuation allowance	38.6	22.6
Nondeductible expenses	5.2	20.8
Tax credits	(4.4)	(7.3)
Other	(4.4)	(0.3)
Income tax provision	— %	2.2%

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Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2012	2013
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 21,891	$ 13,069
Deferred revenue	—	9,723
Research credits	1,306	1,734
Other	323	475
Total deferred tax assets	23,520	25,001
Valuation allowance	(23,520)	(25,001)
Net deferred tax assets	$ —	$ —

Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. Accordingly, the deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by $3.8 million and $1.5 million for the years ended December 31, 2012 and 2013, respectively. At December 31, 2013, deferred tax assets do not include any benefits associated with stock option activities. If future events occur that result in stock option deductions in excess of previously recognized expense for book purposes, such difference will be recorded directly to additional paid-in capital as part of stockholders' deficit.

At December 31, 2013, the Company had net operating loss carryforwards for federal income tax purposes of approximately $32.1 million that expire beginning in 2024 if not utilized, and federal research and development tax credit carryforwards of approximately $1.7 million that expire beginning in 2024 if not utilized. In addition, the Company had net operating loss carryforwards for state income tax purposes of approximately $31.5 million that expire beginning in 2014 if not utilized, and state research and development tax credit carryforwards of approximately $1.8 million, which do not expire. Utilization of the net operating loss and tax credit carryforwards may be subject to substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration of the net operating loss and tax credits before their utilization.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2012	2013
	(in thousands)	
Balance at beginning of year	$ 807	$1,064
Additions based on tax positions related to current year	257	347
Balance at end of year	$1,064	$1,411

The unrecognized tax benefits, if recognized and in absence of full valuation allowance, would impact the income tax provision by $1.1 million and $1.4 million as of December 31, 2012 and 2013, respectively.

The Company has elected to include interest and penalties as a component of tax expense. During the years ended December 31, 2012 and 2013, the Company did not recognize accrued interest and penalties related to unrecognized tax benefits. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly change during the next 12 months.

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The Company files income tax returns in the U.S. federal jurisdiction and California tax jurisdictions. The federal and state income tax returns all remain open to U.S. federal and California state tax examinations.

12. Net Loss per Common Share and Unaudited Pro Forma Net Loss per Common Share

Basic net loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during the period, less shares subject to repurchase, and excludes any dilutive effects of share-based awards and warrants. Diluted net loss per common share is computed giving effect to all potential dilutive common shares, including common stock issuable upon exercise of stock options, and unvested restricted common stock and stock units. As the Company had net losses for the years ended December 31, 2012 and 2013, all potential common shares were determined to be anti-dilutive.

The following table sets forth the computation of net loss per common share (in thousands, except per share amounts):

	December 31,	
	2012	2013
Numerator:		
Net loss	$ (9,785)	$ (6,564)
Denominator:		
Weighted average number of shares outstanding—basic and diluted	7,776,345	10,152,207
Net loss per share—basic and diluted	$ (1.26)	$ (0.65)

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	December 31,	
	2012	2013
Convertible preferred stock	103,655,115	103,655,115
Options to purchase common stock	11,644,022	10,465,638
Warrants to purchase convertible preferred stock	5,174,633	5,174,633
Total	120,473,770	119,295,386

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The Company has presented unaudited pro forma basic and diluted net loss per common share, which has been computed to give effect to the conversion of all shares of convertible preferred stock into shares of common stock as if such conversion had occurred as of the beginning of the period presented, and the automatic net exercise of preferred stock warrants into shares of common stock upon an initial public offering. The following table sets forth the computation of the Company's pro forma basic and diluted net loss per common share (in thousands, except per share amounts):

	Year Ended December 31, 2013 (Unaudited)
Net loss used in computing net loss per common share, basic and diluted	$
Change in fair value of convertible preferred stock warrants liability	
Net loss used in computing pro forma net loss per common share, basic and diluted	
Weighted-average shares used in computing net loss per common share, basic and diluted	
Pro forma adjustment to reflect assumed conversion of convertible preferred stock	
Pro forma adjustment to reflect assumed net exercise of warrants	
Weighted-average shares of common stock used in computing pro forma net loss per common share, basic and diluted	
Pro forma net loss per common share, basic and diluted	$

13. Related Party Transactions

The Company entered into a consulting agreement with the spouse of an executive of the Company to provide research and development services related to clinical operations. The Company incurred expenses of $138,000 and $245,000 for services rendered during the years ended December 31, 2012 and 2013, respectively. As of December 31, 2012 and 2013, the Company owed $16,000 and $18,000, respectively, to the individual, which is recorded in accounts payable. The consulting agreement is in effect until December 31, 2014, unless terminated earlier by the Company with at least 14 days' advance notice.

14. Subsequent Events

In February 2014, the Company entered into a license agreement with Sanofi S.A. ("Sanofi") for the development rights to its NaP2b inhibitor program. Under the terms of the agreement, Sanofi provided the Company with an upfront and nonrefundable fee of $1.25 million, and may pay up to $196.75 million in future milestones if the program delivers an appropriate therapy that can be used to treat hyperphosphatemia.

ARDELYX, INC.

Index to Unaudited Interim Condensed Financial Statements

Ardelyx, Inc.
Condensed Balance Sheets
(In thousands, except share and per share amounts)

	December 31, 2013 (Note 1)	March 31, 2014 (unaudited)	Pro Forma Stockholders' Deficit March 31, 2014 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 34,435	$ 33,221	
Accounts receivable	6,436	4,977	
Prepaid expenses and other current assets	965	917	
Total current assets	41,836	39,115	
Property and equipment, net	530	551	
Other assets	358	702	
Restricted cash	180	180	
Total assets	$ 42,904	$ 40,548	
Liabilities, convertible preferred stock, and stockholders' deficit			
Current liabilities:			
Accounts payable	$ 2,284	$ 2,530	
Accrued compensation and benefits	927	601	
Other accrued liabilities	95	652	
Deferred rent	5	10	
Deferred revenue, current portion	13,828	14,975	
Total current liabilities	17,139	18,768	
Deferred revenue, non-current	26,470	22,889	
Convertible preferred stock warrant liability	6,456	9,059	$ —
Liabilities related to early exercise of options	163	135	
Total liabilities	50,228	50,851	
Commitments and contingencies			
Convertible preferred stock, $0.0001 par value per share—108,829,748 shares authorized as of December 31, 2013 and March 31, 2014 (unaudited); 103,655,115 shares issued and outstanding as of December 31, 2013 and March 31, 2014 (unaudited), actual; aggregate liquidation preferences of $59,074 as of December 31, 2013 and March 31, 2014 (unaudited), actual; no shares issued and outstanding as of March 31, 2014, pro forma (unaudited)	56,155	56,155	—
Stockholders' deficit:			
Common stock, $0.0001 par value per share—130,360,121 shares authorized as of December 31, 2013 and March 31, 2014 (unaudited); 11,029,497 and 11,450,727 shares issued and outstanding as of December 31, 2013 and March 31, 2014 (unaudited), actual; shares issued and outstanding as of March 31, 2014, pro forma (unaudited)	1	1	11
Additional paid-in capital	5,173	5,265	70,469
Accumulated deficit	(68,653)	(71,724)	(71,724)
Total stockholders' deficit	(63,479)	(66,458)	$ (1,244)
Total liabilities, convertible preferred stock, and stockholders' deficit	$ 42,904	$ 40,548	

See accompanying notes.

Ardelyx, Inc.
Condensed Statements of Operations and Comprehensive Loss
(unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2013	2014
Revenue:		
Licensing revenue	$ 1,989	$ 3,236
Collaborative development revenue	4,567	5,314
Total revenue	6,556	8,550
Operating expenses:		
Research and development	5,939	7,637
General and administrative	1,027	1,377
Total operating expenses	6,966	9,014
Loss from operations	(410)	(464)
Other expense, net	(25)	(4)
Change in fair value of preferred stock warrant liability	—	(2,603)
Loss before provision for income taxes	(435)	(3,071)
Provision for income taxes	(35)	—
Net loss and comprehensive loss	$ (470)	$ (3,071)
Net loss per common share, basic and diluted	$ (0.05)	$ (0.27)
Shares used to compute net loss per common share, basic and diluted	9,384,732	11,306,379
Pro forma net loss per common share, basic and diluted		$
Shares used to compute pro forma net loss per common share, basic and diluted		

See accompanying notes.

Ardelyx, Inc.
Condensed Statements of Cash Flows
(unaudited)
(In thousands)

	Three Months Ended March 31,	
	2013	2014
Operating activities		
Net loss	$ (470)	$ (3,071)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	176	73
Stock-based compensation	107	64
Change in fair value of preferred stock warrant liability	—	2,603
Changes in operating assets and liabilities:		
Accounts receivable	(1,294)	1,459
Prepaid and other current assets	367	48
Other assets	(32)	(344)
Accounts payable	685	246
Accrued compensation and benefits	(557)	(326)
Other accrued liabilities	(620)	557
Deferred revenue	(2,356)	(2,434)
Deferred rent	(131)	5
Net cash used in operating activities	(4,125)	(1,120)
Investing activities		
Purchases of property and equipment	(70)	(94)
Net cash used in investing activities	(70)	(94)
Net decrease in cash and cash equivalents	(4,195)	(1,214)
Cash and cash equivalents at beginning of period	32,903	34,435
Cash and cash equivalents at end of period	$28,708	$33,221

See accompanying notes.

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

1. Summary of Significant Accounting Policies

Unaudited Interim Financial Statements

The unaudited interim balance sheet as of March 31, 2014, and the statements of operations and comprehensive loss, and cash flows for the three months ended March 31, 2013 and 2014 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of March 31, 2014 and its results of operations and cash flows for the three months ended March 31, 2013 and 2014. The financial data and the other financial information disclosed in these notes to the financial statements related to the three month periods are also unaudited. The results of operations for the three months ended March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014 or for any other future annual or interim period. The condensed balance sheet as of December 31, 2013 included herein was derived from the audited financial statements as of that date. These financial statements should be read in conjunction with the Company's audited financial statements included elsewhere in this prospectus.

Unaudited Pro Forma Stockholders' Deficit

The pro forma stockholders' deficit as of March 31, 2014 presents the Company's stockholders' deficit as though all of the Company's outstanding convertible preferred stock had automatically converted into shares of common stock upon the completion of an initial public offering (an "IPO") of the Company's common stock. In addition, the pro forma stockholders' deficit assumes the reclassification of the convertible preferred stock warrant liability in stockholders' equity upon completion of an IPO of the Company's common stock, as the warrants are net exercised for common stock upon an IPO.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, clinical trial accruals, fair value of convertible preferred stock and related warrants, fair value of common stock, income taxes, and stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date of 90 days or less on the date of purchase to be cash equivalents. The Company invests its cash in bank deposits and money market accounts.

Restricted Cash

The Company is required to guarantee the credit limit on its corporate credit card with a certificate of deposit of $100,000. The collateral will be released upon the cancellation of the corporate credit card.

The Company is required under its facility lease agreement to maintain a line of credit with a bank in the amount of $80,000 for the benefit of the lessor. The line of credit is secured by a cash deposit with the bank. The cash deposit will be released upon expiration of the line of credit.

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

Deferred Offering Costs

Deferred offering costs, which primarily consist of direct incremental legal and accounting fees relating to the IPO, are capitalized. The deferred offering costs will be offset against IPO proceeds upon the consummation of the offering. In the event the offering is terminated, deferred offering costs will be expensed. As of March 31, 2014, the Company capitalized $517,000 of deferred offering costs in noncurrent other assets on the balance sheet.

Convertible Preferred Stock Warrant Liability

The Company accounts for freestanding warrants to purchase shares of convertible preferred stock that are contingently redeemable as liabilities in the balance sheets at their estimated fair value. Convertible preferred stock warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other expense, net in the statements of operations and comprehensive loss.

The Company will continue to adjust the liability for changes in fair value until the earlier of: (1) the exercise or expiration of the warrants or (2) the completion of a liquidation event, including the completion of an IPO, at which time all convertible preferred stock warrants will be net exercised and the liability will be reclassified to additional paid-in capital in stockholders' deficit.

Comprehensive Loss

Comprehensive loss is composed of two components: net loss and other comprehensive income (loss). Other comprehensive income (loss) refers to gains and losses that under GAAP are recorded as an element of stockholders' deficit, but are excluded from net loss. The Company did not record any transactions within other comprehensive income (loss) in the periods presented and, therefore, the net loss and comprehensive loss were the same for all periods presented.

Revenue Recognition

Revenue from research activities made under collaboration partnership agreements are recognized as the services are provided and when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. Revenue generated from research and licensing agreements typically includes up-front signing or license fees, cost reimbursements, research services, minimum sublicense fees, milestone payments, and royalties on future licensees' product sales.

For revenue agreements with multiple-element arrangements, such as license and development agreements, the Company allocates revenue to each non-contingent element based on the relative selling price of each element. When applying the relative selling price method, the Company determines the selling price for each deliverable using vendor-specific objective evidence or third-party evidence. If neither exists, the Company uses its best estimate of selling price for that deliverable. Revenue allocated is then recognized when the four basic revenue recognition criteria are met for each element.

The Company recognizes revenue from upfront payments ratably over the term of its estimated period of performance under the agreement which is recorded as licensing revenue. Reimbursements for development costs incurred under the Company's license agreement with AstraZeneca are classified as collaborative development revenue. The Company recognizes cost reimbursement revenue under collaboration partnership agreements as the related research and development costs for services are rendered. Deferred revenue represents the portion of research or license payments received which has not been earned.

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

Revenues from milestones, if they are nonrefundable and deemed substantive, are recognized upon successful accomplishment of the milestones. To the extent that non-substantive milestones are achieved and the Company has remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. The Company will recognize revenue associated with the non-substantive milestones upon achievement of the milestone if there are no undelivered elements and it has no remaining performance obligations. The Company will account for sales-based milestones as royalties that will be recognized as revenue upon achievement of the milestone.

Net Loss per Common Share

Basic net loss per common share is calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net loss per common share is the same as basic net loss per common share, since the effects of potentially dilutive securities are antidilutive.

Unaudited Pro Forma Net Loss per Common Share

Pro forma basic and diluted net loss per share attributable to common stockholders has been computed to give effect to the conversion of all outstanding shares of the convertible preferred stock and the net exercise of the preferred stock warrants upon the closing of the IPO. Also, the numerator in the pro forma basic and diluted net loss per share attributable to common stockholders calculation has been adjusted to remove gains or losses resulting from the remeasurement of the convertible preferred stock warrant liability related to warrants to purchase shares of convertible preferred stock, as it will be reclassified to additional paid-in capital upon a IPO of the Company's common stock.

Recent Accounting Pronouncement

In July 2013, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update (ASU) 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. The ASU concludes an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement in this manner is available under the law. The Company adopted this amendment as of January 1, 2014, which did not have a significant impact on the balance sheet.

2. Fair Value Measurements

Financial assets and liabilities are recorded at fair value. The carrying amounts of certain of the Company's financial instruments, including cash equivalents, accounts receivable and accounts payable, are valued at cost, which approximates fair value due to their short maturities. The accounting guidance for fair value provides a framework for measuring fair value, and requires certain new disclosures about how fair value is determined. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance also establishes a three-level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether such inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the reporting entity.

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Notes to Unaudited Interim Condensed Financial Statements

The three-level hierarchy for the inputs to valuation techniques is briefly summarized as follows:

Level 1—Observable inputs such as quoted prices (unadjusted) for *identical* instruments in active markets.

Level 2—Observable inputs such as quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations whose significant inputs are observable.

Level 3—Unobservable inputs that reflect the reporting entity's own assumptions.

The following table sets forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy:

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Money market funds	$32,472	$32,472	$ —	$ —
Certificates of deposit	180	—	180	—
Total	$32,652	$32,472	$ 180	$ —
Liabilities:				
Convertible preferred stock warrant liability	$ 6,456	$ —	$ —	$6,456
Total	$ 6,456	$ —	$ —	$6,456

	March 31, 2014			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Money market funds	$30,976	$30,976	$ —	$ —
Certificates of deposit	180	—	180	—
Total	$31,156	$30,976	$ 180	$ —
Liabilities:				
Convertible preferred stock warrant liability	$ 9,059	$ —	$ —	$9,059
Total	$ 9,059	$ —	$ —	$9,059

Where quoted prices are available in an active market, securities are classified as Level 1. The Company classifies money market funds as Level 1. When quoted market prices are not available for the specific security, then the Company estimates fair value by using benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The Company classifies certificates of deposit as Level 2. In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3. There were no transfers between Level 1 and Level 2 during the periods presented.

Level 3 liabilities that are measured at fair value on a recurring basis consist of the preferred stock warrant liability, which was measured using the probability weighted expected return method that calculated the probability of the Company going public or being acquired, and the option-pricing method for remaining private in the near to mid-term. The scenarios were weighted based on the Company's estimate of the probability of each scenario: 20% for IPO; 10% for merger and 70% for stay private as of December 31, 2013, and 50% for IPO;

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

20% for merger and 30% for stay private as of March 31, 2014. At the end of each reporting period, the change in estimated fair value during the period is recorded in change in fair value of convertible preferred stock warrant liability in the statements of operations and comprehensive loss. Generally, increases or decreases in the fair value of the underlying convertible preferred stock would result in a directionally similar impact in the fair value measurement of the warrant liability.

The following table sets forth a summary of the changes in the estimated fair value of our preferred stock warrant liability, which was measured at fair value on a recurring basis (in thousands):

Balance at December 31, 2013	$6,456
Net increase in fair value of warrant liabilities upon revaluation	2,603
Balance at March 31, 2014	$9,059

3. Collaboration and Licensing agreements

AstraZeneca AB ("AstraZeneca")

Under the terms of the AstraZeneca collaboration partnership agreement, the Company received an up-front license fee of $35.0 million in October 2012 and a $15.0 million payment in December 2013, which are both being recognized as revenue on a straight-line basis over the estimated period of performance, which is currently estimated to be December 2016. AstraZeneca reimburses the Company for its internal and external development-related costs. These reimbursements are recognized as collaborative development revenue when the development-related costs are incurred.

As of March 31, 2014, the Company was eligible to receive future contingent payments up to a total of $820.0 million, which is comprised of future development milestones up to an additional $222.5 million and launch, commercialization, and sales milestones up to an additional $597.5 million. The contingent payments are triggered upon the activities expected to be undertaken by AstraZeneca. Revenue from milestones, if they are nonrefundable and deemed substantive, are recognized upon successful accomplishment of the milestone. The Company will recognize revenue associated with the non-substantive milestones upon achievement of the milestones if there are no undelivered elements and it has no remaining performance obligation. To the extent that non-substantive milestones are achieved and the Company has remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance.

For the three months ended March 31, 2013 and 2014, the Company recognized revenue of $2.0 million and $3.2 million, respectively, related to amortization of the up-front and other license fees, and $4.6 million and $5.3 million, respectively, for collaborative development services. As of March 31, 2014, the Company has total deferred revenue of $36.6 million related to the AstraZeneca license agreement.

Sanofi SA ("Sanofi")

In February 2014, the Company entered into a License Option and License Agreement with Sanofi ("Option and License Agreement") for its phosphate transport NaP2b inhibitor program. NaP2b is an intestinal phosphate transporter whose activity accounts for a significant portion of dietary phosphate absorption in humans. The inhibition of NaP2b is believed to have utility for the treatment of hyperphosphatemia (elevated serum phosphate) in patients with end stage renal disease (ESRD) and other forms of chronic kidney disease (CKD).

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

Under the Option and License Agreement, the Company granted Sanofi an exclusive worldwide license to conduct research utilizing the Company's small molecule NaP2b inhibitors. In addition, Sanofi has the option to obtain an exclusive license to develop, manufacture and commercialize the Company's NaP2b inhibitors. Sanofi is advancing this program towards first-in-human clinical trials. Under the Option and License Agreement, Sanofi is responsible for all of the costs and expenses for research and preclinical activities and, should it exercise its option, for the development and commercialization efforts under the program. Under the Option and License Agreement, the Company received a payment of $1.25 million and is responsible for up to $175,000 of patent costs after which any additional patent costs will be fully reimbursed to the Company by Sanofi. The Company will recognize the $1.25 million as revenue after the Company has provided to Sanofi the background know-how, listed patents, and materials (together, the "Technology Transfer Deliverables") pursuant to the Option and License Agreement.

The Company has the potential to earn future development, regulatory and commercial milestone payments of up to $196.75 million if Sanofi continues to advance the program into development and through commercialization. If a NaP2b inhibitor is commercialized by Sanofi as a result of this program, the Company will receive tiered royalties ranging from mid-single digits into the low double digits. As part of the arrangement with Sanofi, the Company retains an option to participate in co-promotional activities in the United States. Future potential milestone payments do not meet the criteria to be considered substantive milestones, and therefore will be treated as other contingent consideration and recognized as revenue as they are achieved as the Company has no performance obligations under of the Option and License Agreement.

No milestones have been received since the inception of the agreement. As of March 31, 2014, the Company had not completed the transfer for the Technology Transfer Deliverables and has deferred revenue of $1.25 million related to the Sanofi Option and License Agreement.

4. Stock Incentive Plan

As of March 31, 2014, a total of 19,041,206 shares of common stock have been authorized for issuance under the 2008 Stock Incentive Plan (the Stock Plan).

The following table summarizes activity under the Stock Plan, including grants to nonemployees and restricted stock issued:

	Shares Available for Grant	Options Outstanding	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (in thousands)
Balances at December 31, 2013	35,238	10,465,638	$ 0.11	
Options granted	(35,000)	35,000	1.47	
Options exercised	—	(421,230)	0.07	
Balances at March 31, 2014	238	10,079,408	$ 0.12	$ 15,715
Vested – March 31, 2014		8,961,564	$ 0.05	$ 14,594
Expected to vest – March 31, 2014		10,079,408	$ 0.12	$ 15,715

The weighted-average grant-date estimated fair value of options granted during the three months ended March 31, 2013 and 2014 was $0.38 and $1.47 per share, respectively. The intrinsic value was calculated as the difference between the exercise price of the options and the estimated fair value of the Company's common stock of $1.68 per share as of March 31, 2014.

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

Liability for Early Exercise of Stock Options

At December 31, 2013 and March 31, 2014, there were 2,576,034 and 2,154,804 shares of common stock outstanding, respectively, subject to the Company's right of repurchase at prices ranging from $0.03 to $0.12 per share. At December 31, 2013 and March 31, 2014, the Company recorded $163,000 and $135,000, respectively, as liabilities associated with shares issued with repurchase rights.

Stock-based Compensation

Total stock-based compensation recognized was as follows:

	Three Months Ended March 31,	
	2013	2014
	(in thousands)	
Research and development	$ 48	$ 37
General and administrative	59	27
Total stock-based compensation	$ 107	$ 64

At March 31, 2014, there was $525,000 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to unvested share options with a weighted-average remaining recognition period of 1.7 years.

The fair value of stock option awards to employees was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	Three Months Ended March 31,	
	2013	2014
Expected term (years)	6.08	6.08
Volatility	97%	100%
Risk-free interest rate	1.05%	1.99%
Dividend yield	— %	— %

5. Net Loss per Common Share and Unaudited Pro Forma Net Loss per Common Share

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per common share for the periods presented because including them would have been antidilutive:

	March 31,	
	2013	2014
Convertible preferred stock	103,655,115	103,655,115
Options to purchase common stock	11,458,660	10,079,408
Warrants to purchase convertible preferred stock	5,174,633	5,174,633
Total	120,288,408	118,909,156

ARDELYX, INC.

Notes to Unaudited Interim Condensed Financial Statements

The following table sets forth the computation of the Company's pro forma basic and diluted net loss per common share during the three months ended March 31, 2014 (in thousands, except for share and per share amounts):

	Three Months Ended March 31, 2014
Net loss	$
Change in fair value of convertible preferred stock warrant liability	
Net loss used in computing pro forma net loss per common share, basic and diluted	$
Shares used in computing net loss per common share, basic and diluted	
Pro forma adjustments to reflect assumed conversion of convertible preferred stock	
Shares used in computing pro forma net loss per common share, basic and diluted	
Pro forma net loss per common share, basic and diluted	$

6. Related Party Transactions

As part of the consulting arrangement with the spouse of an executive of the Company to provide research and development services related to clinical operations, the Company incurred expenses of $62,000 and $61,000 for services rendered during the three months ended March 31, 2013 and 2014, respectively. As of December 31, 2013 and March 31, 2014, the Company owed $18,000 and $21,000, respectively, to the individual, which is recorded in accounts payable.

7. Subsequent Events

In May 2014, the Company received a $25.0 million development milestone payment from AstraZeneca as a result of the dosing of the first patient in the Phase 2b clinical trial in hyperphosphatemia. As the $25.0 million does not meet the criteria to be considered the achievement of a substantive milestone for accounting purposes, the amount was recorded as deferred revenue when it was received and will be recognized as revenue on a straight-line basis over the remaining estimated period of performance under the AstraZeneca collaboration partnership agreement, which is currently estimated to be December 2016.

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Shares

Common Stock

Prospectus

Citigroup **Leerink Partners**

JMP Securities **Wedbush PacGrow Life Sciences**

, 2014

PART II
Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the registrant in connection with the sale of Common Stock being registered. All amounts are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the FINRA filing fee and The NASDAQ Global Market listing fee.

Item	Amount to be paid
SEC registration fee	$ 8,888
FINRA filing fee	*
The NASDAQ Global Market Listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky, qualification fees and expenses	*
Transfer Agent fees and expenses	*
Miscellaneous expenses	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

As permitted by Section 102 of the Delaware General Corporation Law, we have adopted provisions in our amended and restated certificate of incorporation and bylaws that limit or eliminate the personal liability of our directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission. Our amended and restated certificate of incorporation also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law.

As permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws provide that:

- we may indemnify our directors, officers, and employees to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions;
- we may advance expenses to our directors, officers and employees in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions; and

- the rights provided in our amended and restated bylaws are not exclusive.

Our amended and restated certificate of incorporation, attached as Exhibit 3.3 hereto, and our amended and restated bylaws, attached as Exhibit 3.5 hereto, provide for the indemnification provisions described above and elsewhere herein. We intend to enter into separate indemnification agreements with our directors and officers which may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements generally require us, among other things, to indemnify our officers and directors against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct. These indemnification agreements also generally require us to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified. In addition, we have purchased a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment in some circumstances. These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of our officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act.

The form of Underwriting Agreement, to be attached as Exhibit 1.1 hereto, provides for indemnification by the underwriters of us and our officers who sign this Registration Statement and directors for specified liabilities, including matters arising under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information as to all securities we have sold since January 1, 2011, which were not registered under the Securities Act.

1. In June and August 2011, we issued an aggregate of 78,423,902 shares of our Series B convertible preferred stock at a price per share of $0.3865, including 26,681,303 shares in exchange for conversion of our notes payable pursuant to our Secured Convertible Note and Warrant Purchase Agreement, dated November 16, 2010. In connection with such issuances, we issued warrants to purchase an aggregate of 5,174,633 shares of our Series B convertible preferred stock at a price per share of $0.01. The aggregate gross consideration received for these issuances was $30.3 million.
2. We granted stock options and stock awards to employees, directors and consultants under our 2008 Stock Incentive Plan, as amended, covering an aggregate of 14,402,734 shares of common stock, at a weighted-average average exercise price of $0.10 per share. Of these, options covering an aggregate of 328,172 shares were cancelled without being exercised.
3. We sold an aggregate of 6,396,004 shares of common stock to employees, directors and consultants for cash consideration in the aggregate amount of $397,000 upon the exercise of stock options and stock awards.

We claimed exemption from registration under the Securities Act for the sale and issuance of securities in the transactions described in paragraph (1) by virtue of Section 4(a)(2) and/or Regulation D promulgated thereunder as transactions not involving any public offering. All of the purchasers of unregistered securities for which we relied on Section 4(a)(2) and/or Regulation D represented that they were accredited investors as defined under the Securities Act. We claimed such exemption on the basis that (a) the purchasers in each case represented that they intended to acquire the securities for investment only and not with a view to the distribution thereof and that they either received adequate information about the registrant or had access, through employment or other relationships, to such information and (b) appropriate legends were affixed to the stock certificates issued in such transactions.

We claimed exemption from registration under the Securities Act for the sales and issuances of securities in the transactions described in paragraphs (2)-(3) above under Section 4(a)(2) of the Securities Act in that such

sales and issuances did not involve a public offering or under Rule 701 promulgated under the Securities Act, in that they were offered and sold either pursuant to written compensatory plans or pursuant to a written contract relating to compensation, as provided by Rule 701.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits. See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
2. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Fremont, California, on May 19, 2014.

ARDELYX, INC.

By: /s/ Michael Raab
Michael Raab
President and Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Michael Raab and Mark Kaufmann, and each of them acting individually, as his true and lawful attorneys-in-fact and agents, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement, including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Raab Michael Raab	President, Chief Executive Officer and Director (Principal Executive Officer)	May 19, 2014
/s/ Mark Kaufmann Mark Kaufmann	Chief Financial Officer (Principal Financial and Accounting Officer)	May 19, 2014
/s/ Dominique Charmot Dominique Charmot, Ph.D.	Director	May 19, 2014
/s/ David Mott David Mott	Chairman of the Board of Directors	May 19, 2014
/s/ Richard Rodgers Richard Rodgers	Director	May 19, 2014
/s/ Perter Schultz Peter Schultz, Ph.D.	Director	May 19, 2014

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Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
1.1*	Form of Underwriting Agreement.				
3.1*	Amended and Restated Certificate of Incorporation, currently in effect.				
3.2*	Form of Amended and Restated Certificate of Incorporation, effecting a stock split, to be in effect prior to the consummation of this offering.				
3.3	Form of Amended and Restated Certificate of Incorporation, to be in effect immediately prior to the consummation of this offering.				X
3.4	Bylaws, currently in effect.				X
3.5	Form of Amended and Restated Bylaws, to be in effect immediately prior to the consummation of this offering.				X
4.1	Reference is made to exhibits 3.1 through 3.5.				
4.2*	Form of Common Stock Certificate.				
5.1*	Opinion of Latham & Watkins LLP.				
10.1(a)†	License Agreement, dated as of October 4, 2012, by and among AstraZeneca AB and Ardelyx, Inc.				X
10.1(b)†	Amendment Number One to License Agreement, dated as of December 23, 2013, by and between AstraZeneca AB and Ardelyx, Inc.				X
10.2†	License Option and License Agreement, dated February 21, 2014, by and between Sanofi and Ardelyx, Inc.				X
10.3	Amended and Restated Investors' Rights Agreement, dated June 23, 2011, by and among Ardelyx, Inc. and the investors listed therein.				X
10.4(a)	Lease, dated August 8, 2008, by and between 34175 Ardenwood Venture, LLC and Ardelyx, Inc.				X
10.4(b)	Amendment to Lease, dated December 20, 2012, by and between 34175 Ardenwood Venture, LLC and Ardelyx, Inc.				X
10.5(a)#	Ardelyx, Inc. 2008 Stock Incentive Plan, as amended.				X
10.5(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2008 Stock Incentive Plan, as amended.				X
10.5(c)#	Form of Restricted Stock Purchase Grant Notice and Restricted Stock Purchase Agreement under the 2008 Stock Incentive Plan, as amended.				X
10.6(a)#*	Ardelyx, Inc. 2014 Equity Incentive Award Plan.				
10.6(b)#*	Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Award Plan.				
10.6(c)#*	Form of Restricted Stock Award Agreement and Restricted Stock Unit Award Grant Notice under the 2014 Equity Incentive Award Plan.				

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.7#*	Form of Indemnification Agreement for directors and officers.				
10.8#*	Executive Employment Agreement, dated February 17, 2009, by and between Ardelyx, Inc. and Michael Raab.				
10.9#*	Employment Agreement, dated as of May 29, 2008, by and between Ardelyx, Inc. and Dominique Charmot, Ph.D.				
10.10#*	Offer Letter, dated August 11, 2011, by and between Ardelyx, Inc. and Mark Kaufmann.				
10.11#*	Offer Letter, dated May 21, 2008, by and between Ardelyx, Inc. and George Jue.				
10.12#*	Offer Letter, dated May 2, 2008, by and between Ardelyx, Inc. and Jeff Jacobs, Ph.D.				
10.13#*	Offer Letter, dated December 28, 2009, by and between Ardelyx, Inc. and David Rosenbaum, Ph.D.				
10.14#*	Offer Letter, dated November 21, 2012, by and between Ardelyx, Inc. and Elizabeth Grammer, Esq.				
10.15#*	Change in Control Severance Agreement, dated August 16, 2011, by and between Ardelyx, Inc. and Mark Kaufmann.				
10.16#*	Change in Control and Severance Agreement, dated March 4, 2013, by and between Ardelyx, Inc. and Elizabeth Grammer, Esq.				
10.17#*	Change in Control and Severance Agreement, dated April 15, 2010, by and between Ardelyx, Inc. and Jeffrey Jacobs, Ph.D.				
10.18#*	Change in Control and Severance Agreement, dated April 15, 2010, by and between Ardelyx, Inc. and George Jue.				
10.19#*	Change in Control and Severance Agreement, dated April 15, 2010, by and between Ardelyx, Inc. and David Rosenbaum, Ph.D.				
10.20#*	Ardelyx, Inc. 2014 Employee Stock Purchase Plan.				
10.21#*	Non-Employee Director Compensation Program.				
23.1	Consent of independent registered public accounting firm.				X
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1).				
24.1	Power of Attorney. Reference is made to the signature page to the Registration Statement.				

* To be filed by amendment.
† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the SEC.
# Indicates management contract or compensatory plan.

Exhibit 3.3

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ARDELYX, INC.

Ardelyx, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**Delaware General Corporation Law**"), hereby certifies as follows:

ONE: The name of this corporation is Ardelyx, Inc., the Corporation was originally incorporated under the name Nteryx, Inc., and the original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 18, 2007.

TWO: This Amended and Restated Certificate of Incorporation, which restates and further amends the provisions of this corporation's certificate of incorporation, has been duly adopted in accordance with the provisions of Sections 242, 245 and 228 of the Delaware General Corporation Law.

THREE: The certificate of incorporation of this corporation is hereby amended and restated in its entirety as follows:

ARTICLE I

The name of the corporation is Ardelyx, Inc. (the "**Corporation**").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 2140 S. Dupont Hwy, Camden DE 19934, county of Kent. The name of its registered agent at such address is Paracorp Incorporated.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

ARTICLE IV

A. This Corporation is authorized to issue two classes of capital stock which shall be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares that the Corporation is authorized to issue is Three Hundred Million (305,000,000), of which Three Hundred Million (300,000,000) shares shall be Common Stock and Five Million (5,000,000) shares shall be Preferred Stock. The Common Stock shall have a par value of $0.0001 per share and the Preferred Stock shall have a par value of $0.0001 per share. Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of any of the Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then

outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation with the power to vote thereon irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law, and no vote of the holders of any of the Common Stock or Preferred Stock voting separately as a class shall be required therefor.

B. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the "**Board of Directors**") is hereby authorized to provide from time to time by resolution or resolutions for the creation and issuance, out of the authorized and unissued shares of Preferred Stock, of one or more series of Preferred Stock by filing a certificate (a "**Certificate of Designation**") pursuant to the Delaware General Corporation Law, setting forth such resolution and, with respect to each such series, establishing the designation of such series and the number of shares to be included in such series and fixing the voting powers (full or limited, or no voting power), preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of the shares of each such series. Unless otherwise provided in the Certificate of Designation establishing a series of Preferred Stock, the Board of Directors may, by resolution or resolutions, increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of such series and, if the number of shares of such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

For the management of the business and for the conduct of the affairs of the Corporation it is further provided that:

A. (1) The management of the business and the conduct of the affairs of the Corporation shall be vested in the Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board of Directors.

(2) Other than any directors elected by the separate vote of the holders of one or more series of Preferred Stock, the Board of Directors shall be and is divided into three classes, designated as Class I, Class II and Class III, as nearly equal in number as possible. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the effectiveness of this Amended and Restated Certificate of Incorporation (the "**Qualifying Record Date**"), the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the Qualifying Record Date, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the Qualifying Record Date, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, at each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article V(A), each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation, disqualification, retirement or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(3) Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, the Board of Directors or any individual director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) of the voting power of all the then outstanding shares of voting stock of the Corporation with the power to vote at an election of directors (the "Voting Stock").

(4) Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, any vacancies on the Board of Directors resulting from death, resignation, disqualification, retirement, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, and except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director appointed in accordance with the preceding sentence shall hold office for a term that shall coincide with the remaining term of the class to which the director shall have been appointed and until such director's successor shall have been elected and qualified or until his or her earlier death, resignation, disqualification, retirement or removal.

B. (1) In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal Bylaws of the Corporation. In addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of Preferred Stock), the adoption, amendment or repeal of the Bylaws of the Corporation by the stockholders of the Corporation shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all the then-outstanding shares of the Voting Stock, voting together as a single class.

(2) The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

ARTICLE VI

A. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the taking of any action by written consent of the stockholders in lieu of a meeting of the stockholders is specifically denied.

B. Special meetings of the stockholders of the Corporation may be called, for any purpose or purposes, at any time by the Board of

Directors, the Chairperson of the Board of Directors, the Chief Executive Officer or the President (in the absence of a Chief Executive Officer), but such special meetings may not be called by stockholders or any other person or persons.

C. Advance notice of stockholder nominations for the election of directors and of other business proposed to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

ARTICLE VII

A. To the maximum extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article VII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.

B. The Corporation, to the fullest extent permitted by law, may indemnify and advance expenses to any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she, or his or her testator or intestate, is or was a director, officer, employee or agent of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director, officer, employee or agent at the request of the Corporation or any predecessor to the Corporation.

C. Neither any amendment nor repeal of this Article VII, nor the adoption by amendment of this certificate of incorporation of any provision inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any action or proceeding accruing or arising (or that, but for this Article VII, would accrue or arise) prior to such amendment or repeal or adoption of an inconsistent provision.

ARTICLE VIII

Unless the Corporation consents in writing to the selection of an alternate forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer or other employee of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, (iv) any action to interpret, apply, enforce or determine the validity of this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, or (v) any action asserting a claim against the Corporation or any director, officer or other employee of the Corporation governed by the internal affairs doctrine. To the fullest extent permitted by law, any person purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VIII. If any provision or provisions of this Article VIII

shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article VIII (including, without limitation, each portion of any sentence of this Article VIII containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

ARTICLE IX

Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of Preferred Stock), the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, VII, VIII and IX.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation shall be effective as of [8:00 a.m.] Eastern Time on [ ], 2014.

IN WITNESS WHEREOF, the undersigned has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on this day of , 2014.

Ardelyx, Inc.

By: _____
Michael Raab
President and Chief Executive Officer

Exhibit 3.4

BYLAWS

OF

NTERYX, INC.

ARTICLE I

OFFICES

Section 1. The registered office shall be located at c/o Paracorp Incorporated, 40 East Division Street, Suite A, Dover, Delaware, 19901.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held within or without the State of Delaware at such place as may be fixed from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of 50% of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Section 2. The number of directors of the corporation shall be not less than three (3) and not more than seven (7). The initial number of directors shall be three (3). The number of directors may be increased or decreased from time to time by vote of the stockholders. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires. The directors shall serve for terms of one year and be elected at the annual meeting of stockholders. Each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 3. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office for the remainder of the term of the directors whom they replaced and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on three days written notice to each director and such notice must be provided personally, by mail, by telegram, telex, or facsimile transmission; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director, in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 8. At all meetings of the board, 50% of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 10. Members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by this chapter to be submitted to the stockholders for approval, or, (ii) adopting, amending or repealing any bylaw of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolutions adopted by the board of directors.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

REMOVAL OF DIRECTORS

Section 14. One or more or all of the Directors of the Corporation may be removed with or without cause at any time by the shareholders, at a special meeting of the shareholders called for that purpose, unless the Certificate of Incorporation provide that Directors may only be removed for cause, provided however, such Director shall not be removed if the Corporation's states in its Certificate of Incorporation that its directors shall be elected by cumulative voting and there are a sufficient number of shares cast against his or her removal, which if cumulatively voted at an election of Directors would be sufficient to elect him or her. If a Director was elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove that Director.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram, telex or facsimile transmission.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer. The board of directors may also choose vice-presidents and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president, if any, (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders. The secretary shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURER

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation. Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, shall be set forth the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. If the corporation shall be authorized to issue more than one class of stock or

more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof who makes a request therefore a written notice containing the information required to be set forth or stated on certificates pursuant to the Delaware General Corporation Law.

Section 2. Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST OR DESTROYED CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may require the owner, or his legal representative, to give the corporation a bond in such sum as it may direct as indemnity against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instruments from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. (a) The Board of Directors may fix, in advance, which shall not be more than sixty (60), nor less than ten (10) days before the meeting or action requiring a determination of shareholders, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or

allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for shareholders entitled to notice of meeting shall be at the close of business on the day preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held, or if notice is waived, at the close of business on the day before the day on which the meeting is held.

(b) The Board of Directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted for shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights of shareholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, provided that such record date shall not be more than sixty (60) days before such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(c) The Board of Directors may fix, in advance, a date which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date is fixed and no prior action is required by the Board, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery by hand or by certified or registered mail, return receipt requested, to its registered office in this State, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of shareholders are recorded. If no record date is fixed by the Board of Directors and prior action is required by law, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(d) A determination of shareholders entitled to notice of, or to vote at a shareholder's meeting is effective for any adjournment of the meeting unless the Board of Directors fixes as new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

INTERESTED DIRECTORS

No contract or transaction shall be void or voidable if such contract or transaction is between the corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers, are directors or officers, or have a financial interest, when such Director or officer is present at or participates in the meeting of the Board or committee which authorizes the contract or transaction or his, her or their votes are counted for such purpose, if:

(a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

(b) the material facts as to his, her or their relationship or relationships or interest or interests and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee or the shareholders.

Such interested Directors may be counted when determining the presence of a quorum at the Board of Directors' or committee meeting authorizing the contract or transaction.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

INDEMNIFICATION

Section 6. The corporation shall indemnify its officers and directors to the extent permitted by the General Corporation Law of Delaware. The Corporation may indemnify employees and agents of the corporation in accordance with Delaware law as the board of directors shall determine in its sole discretion.

ARTICLE IX

AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the board of directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

CERTIFICATE OF SECRETARY

I certify that I am the duly appointed, qualified and acting Secretary of NTERYX, INC. (the "Corporation"), and that the foregoing document consisting of 11 pages was duly adopted as the Bylaws of the Corporation by the board of directors of the corporation at a meeting held on October 19, 2007.

Date: October 19, 2007

/s/ Michael G. Schinner
Michael G. Schinner, Secretary

CERTIFICATE OF AMENDMENT
OF
BYLAWS
OF
NTERYX, INC.

The undersigned, Paul (Chip) L. Lion, hereby certifies that:

1. He is the duly elected and acting Secretary of Nteryx, Inc., a Delaware corporation (the "Corporation").

2. Effective January 18, 2008, the Bylaws of the Corporation were amended to include the following Article 10:

ARTICLE X

RIGHT OF FIRST REFUSAL

Section 10. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:

(a) (i) In the event a stockholder receives from anyone a bona fide offer acceptable to the stockholder to purchase any of his shares of common stock or (ii) in the event of a restricted transfer (as defined below) by a stockholder, such stockholder shall give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares, right or interest to be transferred, the price per share and all other terms and conditions of the offer or restricted transfer, as applicable. As used herein, "restricted transfer" shall mean: (A) the filing of a petition in bankruptcy by or against a stockholder; (B) an adjudication that a stockholder is an insane or incompetent person; (C) any assignment by a stockholder for the benefit of his, her or its creditors; and (D) any transfer, award, or confirmation of any common stock to a stockholder's spouse pursuant to a decree of divorce, dissolution, or separate maintenance, or pursuant to a property settlement or separation agreement.

(b) For thirty (30) days following receipt of such notice, the corporation or its assigns shall have the option to purchase all or any lesser part of the shares specified in the notice at the price and upon the terms set forth in such bona fide offer; provided, however, that in the event of a restricted transfer, the purchase price per share shall equal the net book value per share of the common stock of the corporation determined on a fully diluted, fully converted basis as of the last day of the preceding fiscal year, as determined by the independent accountants of the corporation (or, in the event that the corporation has not engaged an independent accountant, the board of directors of the corporation) based on their review, but not necessarily an audit, of the corporation's financial statements. Net book value shall be calculated using the historical cost of the

corporation's assets as reflected on its financial statements decreased by any depreciation, amortization or other cost recover method consistently applied for financial accounting purposes. Net book value shall not include any unrealized gain or loss on the corporation's assets or the value, if any, of the corporation's goodwill or other assets that are not reflected on the corporation's financial statements

(c) In the event the corporation elects to purchase all or any part of the shares, the secretary of the corporation shall give written notice to the selling stockholder of such election and the corporation shall, within thirty (30) days after the secretary of the corporation mails such notice, deliver to the selling stockholder the consideration set forth in the selling stockholder's notice of sale.

(d) In the event that all of the shares are not purchased by the corporation, the selling stockholder may, within the sixty (60) day period following the expiration of the option rights granted to the corporation, sell elsewhere the shares specified in said selling stockholder's notice which were not acquired by the corporation in accordance with the provisions of paragraph (e) of this bylaw, provided that said sale shall not be on terms and conditions more favorable to the purchaser than those contained in the bona fide offer set forth in said selling stockholder's notice. All shares so sold by said selling stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(e) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(i) A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family. "Immediate family" as used herein shall mean spouse (subject to limitations in the event of a restricted transfer), lineal descendent, father, mother, brother, or sister of the stockholder making such transfer.

(ii) A stockholder's bona fide pledge or mortgage of any shares of common stock with a commercial lending institution, provided that any subsequent transfer of said shares by said institution shall be conducted in the manner set forth in this bylaw.

(iii) A stockholder's transfer of any or all of such stockholder's shares of common stock to any other stockholder of the corporation.

(iv) A stockholder's transfer of any or all of such stockholders shares of common stock to a person who, at the time of such transfer, is an officer or director of the corporation.

(v) A corporate stockholder's transfer of any or all of its shares of common stock pursuant to and in accordance with the terms of any merger, consolidation, reclassification of shares or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder.

(vi) A corporate stockholder's transfer of any or all of its shares of common stock to any or all of its stockholders.

(vii) A transfer by a stockholder which is a limited or general partnership to any or all of its partners

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this bylaw, and there shall be no further transfer of such stock except in accord with this bylaw.

(f) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its board of directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be sold by the selling stockholder). This bylaw may be amended or repealed either by a duly authorized action of the board of directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(g) Any sale or transfer, or purported sale or transfer, of securities of the corporation by stockholders shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(h) The foregoing right of first refusal shall terminate upon the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933, as amended.

(i) The certificates representing shares of common stock of the corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL IN FAVOR OF THE COMPANY AS SET FORTH IN THE BYLAWS OF THE COMPANY."

(j) Whenever the corporation shall have the right to purchase common stock under this right of first refusal, the corporation may designate and assign to one or more employees, officers, directors or stockholders of the corporation or other persons or organizations, to exercise all or a part of the corporation's right of first refusal.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment as of the date first written above.

/s/ Paul L. Lion

Paul (Chip) L. Lion
Secretary

CERTIFICATE OF AMENDMENT
OF
BYLAWS
OF
NTERYX, INC.

The undersigned, Paul (Chip) L. Lion, hereby certifies that:

1. He is the duly elected and acting Secretary of Nteryx, Inc., a Delaware corporation (the "Corporation").

2. Effective May 28, 2008, Article III, Section 2 of the Bylaws of the Corporation was amended and restated in its entirety to read as follows:

"Section 2. The number of directors of the corporation shall be not less than three (3) and not more than seven (7). The initial number of directors shall be five (5). The number of directors may be increased or decreased from time to time by vote of the stockholders. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires. The directors shall serve for terms of one year and be elected at the annual meeting of stockholders. Each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders."

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment as of the date first written above.

/s/ Paul L. Lion
Paul (Chip) L. Lion
Secretary

AMENDED AND RESTATED BYLAWS OF

ARDELYX, INC.

(a Delaware corporation)

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AMENDED AND RESTATED
BYLAWS OF
ARDELYX, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Ardelyx, Inc. (the "Corporation") shall be fixed in the Corporation's certificate of incorporation, as the same may be amended from time to time (the "certificate of incorporation").

1.2 OTHER OFFICES.

The Corporation's board of directors (the "Board") may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office.

2.2 ANNUAL MEETING.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.4 may be transacted.

2.3 SPECIAL MEETING.

Except as otherwise provided by the certificate of incorporation, a special meeting of the stockholders may be called at any time by the Board, chairperson of the Board, chief executive officer or president (in the absence of a chief executive officer), but such special meetings may not be called by any other person or persons.

No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

2.4 ADVANCE NOTICE PROCEDURES FOR BUSINESS BROUGHT BEFORE A MEETING.

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in a notice of meeting given by or at the direction of the Board, (b) if not specified in a notice of meeting, otherwise brought before the meeting by or at the direction of the Board or the chairperson of the Board, or (c) otherwise properly brought before the meeting by a stockholder present in person who (A)(1) was a beneficial owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.4 in all applicable respects, or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act"). The foregoing clause (c) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 2.3 of these bylaws, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders. For purposes of this Section 2.4, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be, if such proposing stockholder is (x) a general or limited partnership, any general partner or person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (y) a corporation or a limited liability company, any officer or person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (z) a trust, any trustee of such trust. Stockholders seeking to nominate persons for election to the Board must comply with Section 2.5 of these bylaws, and this Section 2.4 shall not be applicable to nominations except as expressly provided in Section 2.5 of these bylaws.

(ii) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (b) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the Secretary shall set forth:

(a) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and (B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(b) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of shares of the Corporation; *provided* that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided, further*, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C)(x) if such Proposing Person is (i) a general or limited partnership, syndicate or other group, the identity of each general partner and each person who functions as a general partner of the general or limited partnership, each member of the syndicate or group and each person controlling the general partner or member, (ii) a corporation or a limited liability company, the identity of each officer and each person who functions as an officer of the corporation or limited liability company, each person controlling the corporation or limited liability company and each officer, director, general partner and person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust (each such person or persons set forth in the preceding clauses (i), (ii) and (iii), a "Responsible Person"), any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person and any material interests or relationships of such Responsible Person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, and (y) if such Proposing Person is a natural person, any material interests or relationships of such

natural person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, (D) any material shares or any Synthetic Equity Position in any principal competitor of the Corporation in any principal industry of the Corporation held by such Proposing Persons, (E) a summary of any material discussions regarding the business proposed to be brought before the meeting (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder of the shares of any class or series of the Corporation (including their names), (F) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (G) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (H) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement) and (I) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (I) are referred to as "Disclosable Interests"); *provided*, *however*, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner; and

(c) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the bylaws of the Corporation, the language of the proposed amendment), (C) a reasonably detailed description of all agreements, arrangements and understandings between or among any of the Proposing Persons or between or among any Proposing Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; *provided*, *however*, that the disclosures required by this Section 2.4(iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner.

(iv) For purposes of this Section 2.4, the term "Proposing Person" shall mean (a) the stockholder providing the notice of business proposed to be brought before an annual meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made and (c) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or associate (within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these bylaws) of such stockholder or beneficial owner.

(v) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(vii) This Section 2.4 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders, other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(viii) For purposes of these bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

2.5 ADVANCE NOTICE PROCEDURES FOR NOMINATIONS OF DIRECTORS.

(i) Nominations of any person for election to the Board at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (a) by or at the direction of the Board, including by any committee or persons authorized to do so by the Board or these bylaws, or (b) by a stockholder present in person (A) who was a beneficial owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) has complied with this Section 2.5 as to such notice and nomination.

The foregoing clause (b) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting or special meeting. For purposes of this Section 2.5, "present in person" shall mean that the stockholder proposing that the business be brought before the meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such stockholder, appear at such meeting. A "qualified representative" of such proposing stockholder shall be, if such proposing stockholder is (x) a general or limited partnership, any general partner or person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (y) a corporation or a limited liability company, any officer or person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (z) a trust, any trustee of such trust.

(ii) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting, the stockholder must (a) provide Timely Notice (as defined in Section 2.4(ii) of these bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (b) provide the information with respect to such stockholder and its proposed nominee as required by this Section 2.5, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. Without qualification, if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board at a special meeting, the stockholder must (a) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, (b) provide the information with respect to such stockholder and its proposed nominee as required by this Section 2.5, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4(ix) of these bylaws) of the date of such special meeting was first made. In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(iii) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the Secretary shall set forth:

(a) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.4(iii)(a) of these bylaws) except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(a);

(b) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(iii)(b), except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(b) and the disclosure with respect to the business to be brought before the meeting in Section 2.4(iii)(b) shall be made with respect to the election of directors at the meeting);

(c) As to each person whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such proposed nominee that would be

required to be set forth in a stockholder's notice pursuant to this Section 2.5 if such proposed nominee were a Nominating Person, (B) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each proposed nominee or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "Nominee Information"), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.5(vi); and

(d) The Corporation may require any proposed nominee to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with the Corporation's Corporate Governance Guidelines or (B) that could be material to a reasonable stockholder's understanding of the independence or lack of independence of such proposed nominee.

(iv) For purposes of this Section 2.5, the term "Nominating Person" shall mean (a) the stockholder providing the notice of the nomination proposed to be made at the meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made and (c) any associate of such stockholder or beneficial owner or any other participant in such solicitation.

(v) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) To be eligible to be a nominee for election as a director of the Corporation at an annual or special meeting, the proposed nominee must be nominated in the manner prescribed in Section 2.5 and must deliver (in accordance with the time period prescribed for delivery in a notice to such proposed nominee given by or on behalf of the Board), to the Secretary at the principal executive offices of the Corporation, (a) a completed written questionnaire (in a form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such proposed nominee and (b) a written

representation and agreement (in form provided by the Corporation) that such proposed nominee (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director and (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any proposed nominee, the Secretary of the Corporation shall provide to such proposed nominee all such policies and guidelines then in effect).

(vii) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(viii) No proposed nominee shall be eligible for nomination as a director of the Corporation unless such proposed nominee and the Nominating Person seeking to place such proposed nominee's name in nomination have complied with this Section 2.5, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.5, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the proposed nominee in question (but in the case of any form of ballot listing other qualified nominees, only the ballots case for the nominee in question) shall be void and of no force or effect.

2.6 NOTICE OF STOCKHOLDERS' MEETINGS.

Unless otherwise provided by law, the certificate of incorporation or these bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with either Section 2.7 or Section 8.1 of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.7 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be deemed given:

(i) if mailed, when deposited in the U.S. mail, postage prepaid, directed to the stockholder at his or her address as it appears on the Corporation's records; or

(ii) if electronically transmitted as provided in Section 8.1 of these bylaws.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.8 QUORUM.

Unless otherwise provided by law, the certificate of incorporation or these bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these bylaws until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.9 ADJOURNED MEETING; NOTICE.

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.10 CONDUCT OF BUSINESS.

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

2.11 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.13 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.

At all duly called or convened meetings of stockholders, at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. Except as otherwise provided by the certificate of incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, all other elections and questions presented to the stockholders at a duly called or convened meeting, at which a quorum is present, shall be decided by the majority of the votes cast affirmatively or negatively (excluding abstentions and broker non-votes) and shall be valid and binding upon the Corporation.

2.12 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Subject to the rights of the holders of the shares of any series of Preferred Stock or any other class of stock or series thereof having a preference over the Common Stock as to dividends or upon liquidation, and except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

2.13 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not so fix a record date:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

2.14 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of a telegram, cablegram or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other means of electronic transmission was authorized by the stockholder.

2.15 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

2.16 INSPECTORS OF ELECTION.

Before any meeting of stockholders, the Board shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The number of inspectors shall be either one (1) or three (3). If any person appointed as inspector fails to appear or fails or refuses to act, then the chairperson of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;

(ii) receive votes or ballots;

(iii) hear and determine all challenges and questions in any way arising in connection with the right to vote;

(iv) count and tabulate all votes;

(v) determine when the polls shall close;

(vi) determine the result; and

(vii) do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such persons to assist them in performing their duties as they determine.

ARTICLE III - DIRECTORS

3.1 POWERS.

Subject to the provisions of the DGCL and any limitations in the certificate of incorporation or these bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

The authorized number of directors shall be determined from time to time by resolution of the Board, provided the Board shall consist of at least one (1) member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

If so provided in the certificate of incorporation, the directors of the Corporation shall be divided into three (3) classes.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the certificate of incorporation or these bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors shall, unless the Board determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under these bylaws in the case of the death, removal or resignation of any director.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting pursuant to this bylaw shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

3.8 QUORUM.

At all meetings of the Board, a majority of the authorized number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.10 FEES AND COMPENSATION OF DIRECTORS.

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

3.11 REMOVAL OF DIRECTORS.

Except as otherwise provided by the DGCL or the certificate of incorporation, the Board of Directors or any individual director may be removed from office at any time, but only with cause by the affirmative vote of the holders of at least sixty six and two thirds percent (66-2/3%) of the voting power of all the then outstanding shares of voting stock of the Corporation with the power to vote at an election of directors (the "Voting Stock").

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV - COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may

unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum);

(v) Section 7.12 (waiver of notice); and

(vi) Section 3.9 (action without a meeting),

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board or the chairperson of the applicable committee;

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee; and

(iv) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to the committee pursuant to this Section 4.3, provided that such rules do not violate the provisions of the certificate of incorporation or applicable law.

ARTICLE V - OFFICERS

5.1 OFFICERS.

The officers of the Corporation shall be a president and a secretary. The Corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer or treasurer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS.

The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The chairperson of the Board, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this Corporation, or any other person authorized by the Board , the chief executive officer, the president or a vice president, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations

standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board or the stockholders and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE VI - RECORDS AND REPORTS

6.1 MAINTENANCE AND INSPECTION OF RECORDS.

The Corporation shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws as amended to date, accounting books and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent so to act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in Delaware or at its principal executive office.

6.2 INSPECTION BY DIRECTORS.

Any director shall have the right to examine the Corporation's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the Corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

ARTICLE VII - GENERAL MATTERS

7.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS.

The Board, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified

by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.2 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the Corporation shall be represented by certificates or shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the certificate of incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by the chairperson or vice-chairperson of the Board, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.3 SPECIAL DESIGNATION ON CERTIFICATES.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; *provided, however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.4 LOST CERTIFICATES.

Except as provided in this Section 7.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.5 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

7.6 DIVIDENDS.

The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the certificate of incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 FISCAL YEAR.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL.

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate person or persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the persons from and to whom it was transferred.

7.10 STOCK TRANSFER AGREEMENTS.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.12 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII - NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

(i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION.

An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX - INDEMNIFICATION

9.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any director or officer of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized in the specific case by the Board.

9.2 INDEMNIFICATION OF OTHERS.

The Corporation shall have the power to indemnify and hold harmless, to the extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person in connection with any such Proceeding.

9.3 PREPAYMENT OF EXPENSES.

The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any officer or director of the Corporation, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article IX or otherwise.

9.4 DETERMINATION; CLAIM.

If a claim for indemnification (following the final disposition of such Proceeding) or advancement of expenses under this Article IX is not paid in full within sixty (60) days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

9.5 NON-EXCLUSIVITY OF RIGHTS.

The rights conferred on any person by this Article IX shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

9.6 INSURANCE.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust enterprise or non-profit entity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

9.7 OTHER INDEMNIFICATION.

The Corporation's obligation, if any, to indemnify or advance expenses to any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

9.8 CONTINUATION OF INDEMNIFICATION.

The rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

9.9 AMENDMENT OR REPEAL.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these bylaws), in consideration of such person's performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of theses bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

ARTICLE X - AMENDMENTS

Subject to the limitations set forth in Section 9.9 of these bylaws or the provisions of the certificate of incorporation, the Board is expressly empowered to adopt, amend or repeal the bylaws of the Corporation. Any adoption, amendment or repeal of the bylaws of the Corporation by the Board shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the bylaws of the Corporation; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the certificate of incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock.

ARDELYX, INC.

CERTIFICATE OF AMENDMENT AND RESTATEMENT OF BYLAWS

The undersigned hereby certifies that he or she is the duly elected, qualified, and acting Secretary of Ardelyx, Inc., a Delaware corporation, and that the foregoing bylaws, comprising [✕] pages, were amended and restated on [✕], 2014 by the Corporation's board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this [✕] day of [✕], 2014.

Mark V. Roeder
Secretary

Exhibit 10.1(a)

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

LICENSE AGREEMENT

BY AND BETWEEN

ASTRAZENECA AB

AND

ARDELYX, INC.

OCTOBER 4, 2012

CONTENTS

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBITS

LICENSE AGREEMENT

This License Agreement (the "**Agreement**") is entered into as of the 4th day of October, 2012 (the "**Effective Date**") by and between **AstraZeneca AB (publ)**, a Swedish corporation with corporate identity no. 556011-7482 and a place of business at 431 83 Mölndal, Sweden ("**AstraZeneca**") and **Ardelyx, Inc.**, a Delaware corporation having its principal place of business at 34175 Ardenwood Boulevard, Fremont, California United States of America 94555 ("**Ardelyx**"). Ardelyx and AstraZeneca are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

Whereas, AstraZeneca is a pharmaceutical company engaged in the research, development and commercialization of products useful in the amelioration, treatment or prevention of human diseases and conditions.

Whereas, Ardelyx is a biotechnology company developing certain proprietary compounds known as NHE3 inhibitors for use in the treatment of human diseases and disorders, and has filed an Investigational New Drug application for one of such compounds, designated as RDX5791.

Whereas, AstraZeneca and Ardelyx desire to establish a license and collaboration agreement for the further development and commercialization of RDX5791 (and/or its back-up compounds), with the objective of providing pharmaceutical products to patients derived from application of the expertise of each of Ardelyx and AstraZeneca.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS AND CONSTRUCTION

1.1 Definitions. The following terms shall have the following meanings as used in this Agreement:

"**Additional Assigned Activities**" shall have the meaning assigned in Section 2.5.

"**Additional Assigned Activity Expenses**" means the expenses incurred by Ardelyx or for its account after the Effective Date that are consistent with and within the limits of the budget approved by the DCC for such Additional Assigned Activities and are specifically attributable to the performance of such Additional Assigned Activities. Additional Assigned Activity Expenses shall include amounts paid by Ardelyx to a Third Party involved in the performance of the Additional Assigned Activities and all internal costs (calculated on an FTE basis at an annual rate of [***] per FTE, subject to Section 3.4(ix)) incurred by Ardelyx in connection with the performance of the Additional Assigned Activities. Additional Assigned Activity Expenses shall not include Development Expenses or expenses incurred by Ardelyx in the performance of its obligations under the Co-Promote Agreement.

"**Affiliate**" means with respect to either Party, any Person controlling, controlled by or under common control with such Party, from time to time and for so long as such control exists. For purposes of this definition of Affiliate, "control" (and, with correlative meanings, the terms "controlled by" and "under common control with") means (i) direct or indirect ownership of fifty percent (50%) or more of the stock or shares having the right to vote for the election of directors of a Person or (ii) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Annual Net Sales**" means the Net Sales made during any given Calendar Year.

"**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable anti-corruption laws and laws for the prevention of fraud, racketeering, money laundering or terrorism.

"**Applicable Laws**" means all applicable statutes, ordinances, codes, executive or governmental orders, laws, rules and regulations, including without limitation, any rules, regulations, guidelines or other requirements of Regulatory Health Authorities, that may be in effect from time to time.

"**Ardelyx** [***] **Know-How**" means Know-How that (i) [***], (ii) that is necessary or useful to Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product, and (iii) with respect to which AstraZeneca has not exercised the Exclusion Option.

"**Ardelyx** [***] **Patents**" means all Patents that (i) [***], (ii) that cover or claim inventions necessary or useful to Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product, and (iii) with respect to which AstraZeneca has not exercised the Exclusion Option.

"**Ardelyx** [***] **Technology**" means Ardelyx [***] Know-How and Ardelyx [***] Patents.

"**Ardelyx Sole Invention Patent**" shall mean any Patent covering or claiming Sole Program Know-How owned solely by Ardelyx.

"**Assigned Activities**" shall have the meaning assigned in Section 2.5.

"**AstraZeneca Background Know-How**" means Know-How (i) that AstraZeneca or its Affiliates Control as of the Effective Date or that comes into the Control of AstraZeneca or its Affiliates during the Term, (ii) that does not constitute Joint Know-How, Licensed Know-How or Sole Program Know-How owned by AstraZeneca or its Affiliates pursuant to this Agreement

and (iii) that is necessary or useful to Exploit any Licensed Compound or Licensed Product, including without limitation any such Know-How (i.e. meeting all of (i) through (iii) above) that relates to any method of making any Licensed Compound or Licensed Product, any composition or formulations of any Licensed Compound or Licensed Product, or any method of using or administering any Licensed Compound or Licensed Product.

"**AstraZeneca Background Patents**" means all Patents (i) that are Controlled by AstraZeneca or its Affiliates as of the Effective Date or that come into the Control of AstraZeneca or its Affiliates during the Term, (ii) that do not constitute Joint Patents, Licensed Patents or AstraZeneca Sole Invention Patents, and (iii) that cover or claim inventions necessary or useful to Exploit Licensed Compounds or Licensed Products.

"**AstraZeneca Background Technology**" means AstraZeneca Background Know-How and AstraZeneca Background Patents.

"**AstraZeneca Controlled Patents**" shall have the meaning assigned in Section 11.4(a).

"AstraZeneca Full Manufacturing Cost" means all expenses incurred by AstraZeneca or its Affiliates in connection with the Manufacture of Licensed Compounds or Licensed Products, including expenses incurred for [***], in each case calculated in accordance with [***], consistently applied across its Manufacturing operations.

"**AstraZeneca Sole Invention Patent**" shall mean any Patent covering or claiming Sole Program Know-How owned solely by AstraZeneca.

"**AZ Product Data**" shall have the meaning assigned in Section 14.3(l).

"**AZ Triggered Termination**" shall have the meaning assigned in Section 14.3.

"**Backup Licensed Compounds**" means any compound, other than the Lead Licensed Compound, that [***]; and any metabolites, salts, esters, free acid forms, crystal forms, free base forms, pro-drug forms, racemates and all optically active forms of any such foregoing compound.

"**Bankruptcy Code**" means Title 11, United States Code, as amended, or analogous provisions of Applicable Laws outside the United States.

"**Breaching Party**" shall have the meaning assigned in Section 14.2.

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"**Business Day**" means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banking institutions are authorized or required by Applicable Laws to be closed in New York City, New York or in Sweden.

"**Calendar Quarter**" means each successive period of three (3) consecutive calendar months commencing on 1st January, 1st April, 1st July and 1st October.

"**Calendar Year**" means each successive period of twelve (12) consecutive calendar months commencing on 1st January.

"**Cardio/Renal IND**" means U.S. PIND/IND #115992.

"**Change of Control**" means any of the following:

(a) with respect to either Party, the sale or disposition of all or substantially all of such Party's assets to an Industrial Party;

(b) with respect to either Party, the acquisition by an Industrial Party, or group of Industrial Parties acting in concert, of more than fifty percent (50%) of the combined voting power of the first-mentioned Party's outstanding voting securities;

(c) with respect to Ardelyx, the appointment or election of Persons to the Board of Directors of Ardelyx constituting a majority of such Board of Directors who were not appointed, approved or recommended for election by either (i) the Board of Directors of Ardelyx as constituted immediately prior to the appointment or election of such Persons, or (ii) the stockholders of Ardelyx pursuant to Ardelyx's current Amended and Restated Voting Agreement; or

(d) with respect to either Party, a merger, consolidation, share exchange or other similar transaction of such Party and any Industrial Party which results in the holders of the outstanding voting securities of such Party immediately prior to such merger, consolidation, share exchange or other similar transaction ceasing to hold more than fifty percent (50%) of the combined voting power of the surviving, purchasing or continuing entity immediately after such merger, consolidation, share exchange or other similar transaction;

other than, in each case of subsection (a), (b) and (d), where such transaction is to be entered into with the other Party or an Affiliate of either Party. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely on account of an initial public or secondary offering, the acquisition of securities of a Party by one or more institutional investors, or Affiliates thereof, which are not Industrial Parties, that acquire a Party's securities in a transaction or series of related transactions (i) as a passive investment which does not materially affect the management of such Party, or (ii) as a sale of assets, merger or other transaction effected exclusively for the purpose of obtaining tax or other fiscal benefit or changing the corporate domicile of a Party.

"**CKD Study**" means the Phase 2a Clinical Trial of the Lead Licensed Product in Chronic Kidney Disease stage 3-4 patients as described in the CKD Study outline contained in the Initial Development Plan, to be conducted by Ardelyx pursuant to Section 5.1.

"**Clinical Pharmacology Studies**" means studies of the Lead Licensed Compound in healthy volunteers or patients investigating the relationships between dose, drug exposure, and response, as further described in the Clinical Pharmacology Study outlines contained in the Initial Development Plan.

"**Clinical Trials**" means Phase 1 Clinical Trials, Clinical Pharmacology Studies, Phase 2 Clinical Trials, Phase 3 Clinical Trials, Phase 4 Clinical Trials, or variations of such trials (for example, Phase 2/3 and Phase 2b), and any other clinical study conducted in human subjects in connection with the Development of a Licensed Product.

"**Co-Funding Amount**" shall have the meaning assigned in Section 6.1.

"**Co-Funding Exercise Notice**" shall have the meaning assigned in Section 6.1.

"**Co-Funding Option**" shall have the meaning assigned in Section 6.1.

"**Combination Product**" means a product in form suitable for human or animal applications containing a Licensed Compound as an active ingredient and containing one or more other active ingredients, that is sold either as a fixed dose or as separate doses in a single package.

"**Commercialization**" means all activities undertaken relating to the Manufacture of commercial supplies, marketing and sale of a Licensed Product, including without limitation Pre-Approval Activities, advertising, education, planning, marketing, promotion, distribution, market and product support, and Phase 4 Clinical Trials commenced after the First Commercial Sale of the Licensed Product anywhere in the Territory.

"**Commercialization Plan**" shall have the meaning assigned in Section 4.9(b).

"**Commercialize**" means the conduct of Commercialization activities.

"**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective, reasonable, diligent, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective under similar circumstances for such Party's benefit exclusive of the other Party. With respect to any objective relating to the Development, Manufacture or Commercialization of a Licensed Product by a Party, "Commercially Reasonable Efforts" means efforts and resources normally used by such Party with respect to a product owned by such Party, or to which such Party has similar rights, that is of similar market and therapeutic potential at a similar stage in the Development or life of such product, taking into account issues of safety, efficacy, costs of development, product profile, the competitiveness of the marketplace, the proprietary position of the product including the nature and extent of its market exclusivity (including Patent coverage and regulatory exclusivity), the regulatory structure involved and the likelihood of approval, profitability of the product, and other relevant commercial factors. For the purposes of Section 4.4, Commercially Reasonable Efforts shall be determined [***]

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[***].

"**Comparable Licensed Product**" shall have the meaning assigned in Section 9.6.

"**Competitive Product Infringement**" shall have the meaning assigned in Section 11.6(a)(ii).

"**Completion**" of a Clinical Trial means, with respect to such Clinical Trial, the date upon which the final study report for such Clinical Trial is completed and approved in accordance with the responsible Party's quality assurance procedures.

"**Compulsory License**" shall have the meaning assigned in Section 9.5(g).

"**Confidential Information**" means any and all (i) Know-How relating to the Exploitation of Licensed Compounds or Licensed Products (including Licensed Know-How) or relating to other aspects of the collaboration between the Parties under this Agreement, and (ii) Information and Materials, whether oral or in writing or in any other form, disclosed before, on or after the date of this Agreement by one Party to the other Party, including the terms of this Agreement.

"**Constipation Related Disorder Indications**" means the IBS-C Indication as well as any other indication that comprises [***]. For clarity, a Constipation Related Disorder Indication includes, [***].

"**Control**" means, with respect to an item of Know-How, Patent or other Intellectual Property Rights, the ability and authority of a Party or its Affiliates, whether arising by ownership, possession, or pursuant to a license or sublicense, to grant licenses, sublicenses, or other rights to the other Party under or to such item of Know-How, Patent or Intellectual Property Rights as provided for in this Agreement, (i) without breaching the terms of any agreement between such Party and any Third Party, and (ii) in the case of Ardelyx [***] Technology, without incurring any additional royalty, milestone or other costs or expenses which AstraZeneca has not agreed in writing to bear.

"**Co-Promote Agreement**" shall have the meaning assigned in Section 7.8(b).

"**Co-Promote Option**" shall have the meaning assigned in Section 7.1(b).

"**Co-Promote Product**" shall have the meaning assigned in Section 7.1(c).

"**Covenant Period 1**" shall have the meaning assigned in Section 2.9(a).

"**Covenant Period 2**" shall have the meaning assigned in Section 2.9(b).

"**CREATE ACT**" shall have the meaning assigned in Section 11.4(i).

"**Detail**" means a sales presentation or interaction by a professional sales representative to or with a target physician or other professional with prescribing authority involved in prescribing a Co-Promote Product or to other individuals influencing prescription activity with respect to a Co-Promote Product, in any case, in which the primary purpose is to discuss the benefits and features of the Co-Promote Product. The term Detail will be further defined in the Co-Promote Agreement. When used as a verb, "**Detail**" or "**Detailing**" means to perform a Detail.

"**Detail Rate**" shall have the meaning assigned in Section 7.8(b).

"**Develop**" means the conduct of Development activities.

"**Development**" means all activities relating to obtaining Regulatory Approval of a Licensed Product, Licensed Product line extensions, alternative delivery systems and new indications therefor, and all activities relating to developing the ability to Manufacture the same. This includes, for example, (i) nonclinical testing, toxicology, formulation, clinical studies, regulatory affairs, and outside counsel regulatory legal services, (ii) manufacturing process development for bulk and finished forms of Licensed Compounds and Licensed Products, and manufacturing and quality assurance technical support activities prior to the First Commercial Sale of a Licensed Product anywhere in the Territory and (iii) the conduct of advisory boards with relevant experts, e.g. clinical experts or payer representatives. Development shall not include activities associated with Phase 4 Clinical Trials in respect of a Licensed Product commenced after First Commercial Sale of such Licensed Product anywhere in the Territory. For clarity, the Parties may continue to perform Development activities for a Licensed Product following the First Commercial Sale of such Licensed Product to explore additional indications or formulations of such Licensed Products.

"**Development Budget**" shall have the meaning set forth in Section 4.2.

"**Development Collaboration Committee**" or "**DCC**" means the committee described in Section 3.2.

"**Development Expenses**" means the expenses incurred by a Party or for its account either (i) prior to the Effective Date as set forth in the letter agreement between Ardelyx and AstraZeneca dated September 22, 2012, or (ii) after the Effective Date that are consistent with the Development Plan and the Development Budget, each as approved by the DCC, and are specifically attributable to the Development of a Licensed Product. Development Expenses shall include without limitation amounts paid by a Party to Third Parties involved in the Development of Licensed Products, including the Manufacture of Licensed Compounds and Licensed Products for use in Development ("**External Development Expenses**"), and all internal costs (calculated on an FTE basis as provided in Section 4.3) incurred by a Party in connection with the Development of Licensed Products ("**Internal Development Expenses**").

"**Development FTE Rate**" shall have the meaning assigned in Section 4.3.

"**Development Plan**" shall have the meaning assigned in Section 4.2.

"**Distributor**" shall have the meaning assigned in Section 2.3.

"**Drug Approval Application**" means an application for Regulatory Approval required before commercial sale or use of a Licensed Product as a drug in a regulatory jurisdiction.

"**Effective Date**" shall have the meaning assigned in the first paragraph of this Agreement.

"EMA" means the European Medicines Agency or any successor thereto.

"**ESRD Study**" means the Phase 2a Clinical Trial of the Lead Licensed Product in End Stage Renal Disease patients as described in the ESRD Study outline contained in the Initial Development Plan, to be conducted by Ardelyx pursuant to Section 5.1.

"**Exemplified**" means presented as a written example.

"**Exploit**" means to make, have made, import, use, sell, or offer for sale, including to research, Develop, register, modify, enhance, improve, Manufacture, have Manufactured, Commercialize, hold/keep (whether for disposal or otherwise), formulate, optimize, have used, export, transport, distribute, promote, market or have sold or otherwise dispose of or offer to dispose of a product or process.

"**Exploitation**" means the act of Exploiting a product or process.

"**Europe**" means the European Economic Area as it may be constituted from time to time.

"**Exclusion Option**" shall have the meaning assigned in Section 2.6.

"**FDA**" means the United States Food and Drug Administration or any successor thereto.

"**FFDCA**" means the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301, et seq., as amended from time to time.

"**Field**" means the diagnosis, prevention, and treatment of diseases and conditions in humans or animals.

"**Filing**" means, with respect to a submission to a Regulatory Health Authority, the date that such submission is confirmed to have been received by the relevant Regulatory Health Authority.

"**First Commercial Sale**" means, with respect to any Licensed Product, the first arm's length sale for monetary value by AstraZeneca, its Affiliate, or its Sublicensees to a Third Party for end use or consumption by the general public of such Licensed Product in a country where Regulatory Approval of such Licensed Product has been obtained by AstraZeneca, its Affiliates, or its Sublicensees; provided, however, that in no event shall any sale or distribution of a

Licensed Product for Pre-Approval Activities or use in a Clinical Trial or otherwise any sales prior to receipt of all Regulatory Approvals necessary to commence regular commercial sales (including so-called "treatment IND sales" and "compassionate use sales") be deemed a First Commercial Sale.

"**FTE**" means a full time equivalent person year of eighteen hundred eighty (1,880) hours of scientific, technical or operational work (excluding administrative services).

"**GCP**" or "**Good Clinical Practices**" means the current standards for clinical trials for pharmaceuticals, as set forth in the United States Code of Federal Regulations, ICH guidelines and applicable regulations, laws or rules as promulgated thereunder, as amended from time to time, and such standards of good clinical practice as are required by the European Union and other organizations and governmental agencies in countries in which a Licensed Product is intended to be sold to the extent such standards are not less stringent than United States GCP.

"**Generic Product**" means with respect to a Licensed Product in a particular country any product (i) that is sold in such particular country by a Third Party who is not a Sublicensee or a Distributor selling such product under authorization from AstraZeneca or its Affiliates, (ii) that has received Regulatory Approval necessary for sale in such country, (iii) that [***] and (iv) that contains as the active ingredient the same compound (or, solely for products that are described by subsection (iii)(b), an equivalent salt thereof), as is contained in such Licensed Product.

"**GLP**" or "**Good Laboratory Practices**" means good laboratory practices required under the regulations set forth in 21 C.F.R. Part 58, as in effect during the term of this Agreement, and the requirements thereunder imposed by the FDA, and the equivalent thereof in any jurisdiction.

"**GMP**" or "**Good Manufacturing Practices**" means the laws, regulations, guidelines, guidance, pharmaceutical industry standards and requirements in force from time to time that apply to the Manufacture of each Licensed Compound or Licensed Product in each relevant jurisdiction, including, with respect to the U.S. Territory, the current good manufacturing practices required under the applicable regulations set forth in 21 C.F.R. Subchapter C (Drugs) and Subchapter H (Medical Devices), including without limitation Parts 210–211, 808, 812, and 820, and the requirements thereunder imposed by the FDA.

"**Governmental Body**" means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal); or (iv) self-regulatory organization (including the NASDAQ Global Market and the NASDAQ Global Select Market).

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"**Government Official**" means any Person employed by or acting on behalf of a Governmental Body, government-controlled entity or public international organization.

"**IAS**" means International Accounting Standards, consistently applied.

"**IFRS**" means International Financial Reporting Standards, or the future equivalent of such reporting standards, that AstraZeneca is required to apply for financial reporting purposes.

"**IBS-C IND**" means U.S. IND #108732.

"**IBS-C Indication**" means constipation predominant irritable bowel syndrome.

"**IBS-C Study**" means the Phase 2b Clinical Trial of the Lead Licensed Compound in IBS-C patients to be conducted by Ardelyx pursuant to Section 5.3.

"**IND**" means an Investigational New Drug application or the equivalent filed with or submitted to the relevant Regulatory Health Authority, including, for example, the FDA, for authorization to commence human clinical trials.

"**Indirect Taxes**" means value added taxes, sales taxes, consumption taxes and other similar taxes.

"**Industrial Party**" means any Person that, itself or taken together with its Affiliates, derived greater than [***] for the amelioration, treatment or prevention of human diseases or conditions.

"**Information**" means (i) techniques, information and data necessary or useful for the Development, Manufacture or Commercialization of Licensed Compounds or Licensed Products, including without limitation, Know-How, marketing, pricing, distribution, cost, sales, and manufacturing data or descriptions as well as (ii) any information or data relating to Materials.

"**Initial Development Plan**" means the initial version of the Development Plan, which shall include at least (i) the study outline for each of the Initial Studies, (ii) plans for the performance of the Initial Studies, including timelines, (iii) a description of the activities related to the clinical pharmacology, toxicology and Chemistry, Manufacturing and Control (CMC) that are critical to support clinical plans for each of the ESRD Study and the CKD Study, and which shall be prepared and provided pursuant to Section 4.2. An outline of the material items to be described in the Initial Development Plan is attached hereto as Exhibit A.

"**Initial Studies**" means the ESRD Study and the CKD Study collectively and "**Initial Study**" means any one of the foregoing studies.

"**Initial Supply**" shall have the meaning assigned in Section 8.1.

"**Intellectual Property Rights**" or "**IPR**" means Patents, trademarks, service marks, trade secrets (including patentable inventions), trade names, registered designs, design rights, copyrights (including rights in computer software), domain names, database rights and any rights or property similar to any of the foregoing in any part of the world, whether registered or not, together with the right to apply for the registration of any such rights.

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"**Investigator's Brochure**" means the compilation of all relevant clinical and non-clinical information and data on the relevant investigational product(s), which compilation is relevant to the study of the investigational product(s) in human subjects as provided in Section 7 of the ICH 2006 guidance document "Good Clinical Practice - International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use" and any subsequent ICH guidance documents published from time to time.

"**Joint Know-How**" shall have the meaning assigned in Section 11.2(b).

"**Joint Patent**" shall mean any Patent covering or claiming any invention within the Joint Know-How.

"**Joint Project Team**" or "**JPT**" shall have the meaning assigned in Section 3.1.

"**Joint Technology**" shall mean collectively, Joint Patents and Joint Know-How.

"**Know-How**" means all inventions, discoveries, data, information (including scientific, technical or regulatory information), trade secrets, processes, means, methods, practices, formulae, instructions, procedures, techniques, materials, technology, results, analyses, designs, drawings, computer programs, apparatuses, specifications, technical assistance, laboratory, pre-clinical and clinical data (including laboratory notes and notebooks), and other material or know-how, in written, electronic or any other form, whether or not confidential, proprietary or patentable, including without limitation: development technology; biology, chemistry, pharmacology, toxicology, drug stability, Manufacturing and formulation, test procedures, synthesis, purification and isolation techniques, quality control data and information, methodologies and techniques; information regarding clinical and non-clinical safety and efficacy studies, including study designs and protocols, marketing studies, absorption, distribution, metabolism and excretion studies; assays and biological methodology.

"**Knowledge**" means the good faith understanding of the officers of Ardelyx and its Affiliates, with respect to relevant facts and information after performing a diligent inquiry of the employees and agents of Ardelyx and its Affiliates with respect to such facts and information. For clarity, for purposes of the representations and warranties set forth in Section 12.1(b), "**Knowledge**" will not include any obligation to conduct any special searches or analyses such as, but not limited to, any analysis of Ardelyx's freedom to operate with respect to Patents relevant to Licensed Compounds or Licensed Products.

"**Lead Licensed Compound**" means the NHE3 inhibitor designated as RDX5791, which is the subject of the IBS-C IND and the Cardio/Renal IND, and any metabolites, salts, esters, free acid forms, crystal forms, free base forms, pro-drug forms, racemates and all optically active forms thereof.

"**Lead Licensed Product**" means a Licensed Product containing the Lead Licensed Compound as an active ingredient.

"**Legal Proceeding**" means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

"**Licensed Compounds**" means the Lead Licensed Compound and all Backup Licensed Compounds.

"**Licensed Know-How**" means (i) Know-How that Ardelyx or its Affiliates Control as of the Effective Date and (ii) Know-How that comes into the Control of Ardelyx or its Affiliates after the Effective Date as a result of the performance of its rights or obligations under this Agreement; provided that, with respect to Know-How described in (i) or (ii) above, such Know-How is necessary or useful to Exploit any Licensed Compound or Licensed Product, including without limitation any method of making any Licensed Compound or Licensed Product, any composition or formulations of any Licensed Compound or Licensed Product, or any method of using or administering any Licensed Compound or Licensed Product. Licensed Know-How includes Sole Program Know-How owned by Ardelyx that is necessary or useful to Exploit any Licensed Compound or Licensed Product and excludes Ardelyx [***] Know-How.

"**Licensed Patents**" means (i) all of the Listed Patents, and (ii) all Ardelyx Sole Invention Patents; provided that in case of (ii) above, such Patents (a) cover or claim any Licensed Compound or Licensed Product or (b) cover or claim any inventions necessary or useful for the Exploitation of Licensed Compounds or Licensed Products. Licensed Patents excludes Ardelyx [***] Patents.

"**Licensed Product**" shall mean any and all products in forms suitable for human or animal applications containing a Licensed Compound as an active ingredient, including Combination Products.

"**Licensed Technology**" means all Licensed Patents and Licensed Know-How.

"**Listed Patents**" means the Patents listed in Exhibit B, and any Patents issuing after the Effective Date claiming priority to any such Patents listed on Exhibit B.

"**Losses**" means any and all direct or indirect liabilities, claims, actions, damages, losses or expenses, including interest, penalties, and reasonable lawyers' fees and disbursements. In calculating Losses, the legal duty to mitigate on the part of the Party suffering the Loss shall be taken into account.

"**Major Country**" means each of [***].

"**Major Market**" means [***].

"**Manufacture**" or "**Manufacturing**" means activities in connection with the synthesis, manufacture, processing, formulating, testing (including, without limitation quality control, quality assurance and lot release testing), bulk packaging or storage and delivery of Licensed Compound or Licensed Product.

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"**Material Anti-Corruption Law Violation**" means a violation of an Anti-Corruption Law relating to the subject matter of this Agreement which would, if it were publicly known, be reasonably expected to have a material adverse effect on the Party committing such violation or on the reputation of the other Party because of its relationship with the Party committing such violation.

"**Materials**" means compounds, compositions of matter, assays, and biological materials useful for the Development, Manufacture or Commercialization of Licensed Compounds or Licensed Products.

"**Mediation Notice**" shall have the meaning assigned in Section 16.2(a).

"**Net Sales**" means the gross amount invoiced by a Party, its Affiliate and Sublicensees for sales of Licensed Products to a Third Party (including Distributors but excluding, for the avoidance of doubt, Sublicensees) less deductions for: (i) customary trade, quantity discounts, settlement discounts, or chargebacks actually granted, allowed, or incurred in the ordinary course of business in connection with the sale of the Licensed Products, (ii) allowances or credits to customers, not in excess of the selling price of the Licensed Products, on account of governmental requirements, rejection, recalls, or return of the Licensed Products, (iii) distributors fees, rebates, or allowances actually granted or allowed, including without limitation government and managed care rebates, (iv) Indirect Taxes and excise taxes or customs duties paid by the selling entity and any other governmental charges imposed upon the sale; importation, use or distribution of the Licensed Products, (v) any invoiced amounts which are not collected by AstraZeneca or its Affiliates, including bad debts, calculated in accordance with IFRS, (vi) any other similar and customary deductions that are consistent with IFRS and (vii) [***]. Net Sales shall be calculated using AstraZeneca's internally audited systems used to report such sales as adjusted for items (i) through (vii) above, not taken into account in such systems. Deductions pursuant to subsection (v) above shall be taken in the Calendar Quarter in which such sales are no longer recorded as a receivable.

"**NHE3**" means the mammalian sodium / hydrogen exchanger 3 protein encoded by the SLC9A3 gene.

"**NHE3 Product**" shall have the meaning assigned in Section 2.9(a).

"**Non-Breaching Party**" shall have the meaning assigned in Section 14.2(a).

"**Notification Period**" shall have the meaning assigned in Section 5.2(a).

"**Other Ingredients**" shall have the meaning assigned in Section 9.6.

"**Other Promotional Activities**" means both off line and online activities including but not limited to, sales activities, other than Detailing, such as sales training, sales meetings;

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marketing activities such as advertising and promotion; and medical or scientific affairs activities such as conferences, speakers bureaus, and continuing medical education activities; provided that all such activities shall be in accordance with the USFDA Office of Prescription Drug Promotion.

"**Party Representatives**" shall have the meaning assigned in Section 12.5(a).

"**Patent**" means (i) all national, regional and international patents and patent applications, including provisional patent applications, (ii) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from any of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, and continued prosecution applications, (iii) any and all patents that have issued or in the future issue from the foregoing patent applications ((i) and (ii)), including utility models, petty patents and design patents and certificates of invention, (iv) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((i), (ii) and (iii)), and (v) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any such foregoing patent applications and patents.

"**Payments**" shall have the meaning assigned in Section 9.10.

"**Payment Schedule**" shall have the meaning assigned in Section 6.2.

"**Person**" means any individual, sole proprietorship, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

"**Phase 1 Clinical Trial**" means any clinical study conducted on human subjects with primary endpoints to establish that a pharmaceutical product is reasonably safe for continued testing and to support its continued testing in Phase 2 Clinical Trials. "Phase 1 Clinical Trial" shall include any clinical trial that would satisfy requirements of 21 C.F.R. § 312.21(a). Phase 1 Clinical Trials shall include without limitation those trials designated as "Phase 1a Clinical Trials" or "Phase 1b Clinical Trials."

"**Phase 2 Clinical Trial**" means any clinical study that is not intended to be used as a pivotal study for purposes of seeking Regulatory Approval in a Major Country and that is conducted on human patients who have the relevant disease or condition with primary endpoints to establish the efficacy of a Licensed Product for its intended use and to define warnings, precautions, and adverse reactions that may be associated with the pharmaceutical product in the dosage range to be prescribed. "Phase 2 Clinical Trial" shall include without limitation any clinical trial that would satisfy requirements of 21 C.F.R. § 312.21(b).

"**Phase 2 Clinical Trial Development**" means all Phase 2 Clinical Trials in respect of a Licensed Product for any given indication that are conducted after Completion of the last Phase 1 Clinical Trial.

"**Phase 2a Clinical Trial**" means a Phase 2 Clinical Trial designed to generate initial data on short-term efficacy, safety, dosing and administration in patients who have the relevant disease or condition to be treated, diagnosed or prevented.

"**Phase 2b Clinical Trial**" means a Phase 2 Clinical Trial that is designed in such a way as to provide efficacy and safety information about a Licensed Product that would be reasonably intended to lead to an End-of-Phase 2 (EOP2) meeting with the FDA, or an equivalent meeting with any Regulatory Health Authority, or a subsequent Phase 3 Clinical Trial, even if such EOP2 meeting or Phase 3 Clinical Trial does not occur.

"**Phase 3 Clinical Trial**" means any clinical study intended or used as a pivotal study for purposes of seeking Regulatory Approval, which study is conducted on sufficient numbers of human patients to establish that a pharmaceutical product is safe and efficacious for its intended use, to define warnings, precautions, and adverse reactions that are associated with the pharmaceutical product in the dosage range to be prescribed, and at a standard suitable to obtain Regulatory Approval of such pharmaceutical product in a Major Market or label expansion of such pharmaceutical product. "Phase 3 Clinical Trial" shall include without limitation any clinical trial that would satisfy requirements of 21 C.F.R. § 312.21(c).

"**Phase 3 Clinical Trial Development**" means all Phase 3 Clinical Trials and other Development activities in respect of a Licensed Product for any given indication conducted after Completion of the last Phase 2 Clinical Trial and prior to obtaining Regulatory Approval for such Licensed Product for such indication.

"**Phase 3 Clinical Study Report**" shall have the meaning assigned in Section 7.1(a).

"**Phase 4 Clinical Trial**" means any clinical study of a pharmaceutical product on human subjects commenced after receipt of Regulatory Approval in a territory of such pharmaceutical product for the purpose of satisfying a condition imposed by a Regulatory Health Authority to obtain Regulatory Approval, or marketing the pharmaceutical product in that territory, and not for the purpose of obtaining initial Regulatory Approval of such pharmaceutical product. For clarity, Phase 4 Clinical Trials shall be considered a part of Commercialization.

"**PIND**" means a provisional IND.

"**Pre-Approval Activities**" means all Commercialization activities undertaken with respect to a Licensed Product prior to First Commercial Sale and in preparation for the launch of such Licensed Product in the U.S. Territory. Pre-Approval Activities shall include without limitation advertising, education, product-related public relations, health care economic studies, governmental affairs activities for reimbursement and formulary acceptance, sales force training, trademark selection, filing, prosecution, and enforcement, and other activities included within the US Commercialization Plan prior to the First Commercial Sale of a Licensed Product in the U.S. Territory.

"**Principal Investigator**" means the person responsible for the conduct of a Clinical Trial at a Clinical Trial site.

"**Product Information**" shall have the meaning assigned in Section 10.1.

"**Product Trademark**" shall have the meaning assigned in Section 11.7(a).

"**Promotion FTE Rate**" shall have the meaning assigned in Section 7.8(b).

"**Promotion Proposal**" shall have the meaning assigned in Section 7.8(b).

"**Regulatory Approval**" means any and all approvals (including without limitation pricing and reimbursement approvals), product or establishment licenses, registrations, or authorizations of any regional, federal, state, or local Regulatory Health Authority, department, bureau, or other governmental entity, necessary to commercially distribute, sell or market a Licensed Product in a regulatory jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such jurisdiction, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), (c) labeling approval and (d) technical, medical and scientific licenses.

"**Regulatory Authority**" means any court or government body, whether national, supra-national, federal, state, local, foreign or provincial, including any political subdivision thereof, including any department, commission, board, bureau, agency, or other regulatory or administrative governmental authority or instrumentality, and further including any quasi-governmental Person or entity exercising the functions of any of these.

"**Regulatory Documentation**" means all applications, registrations, licenses, authorizations and approvals, all correspondence submitted to or received from Regulatory Health Authorities (including minutes and official contact reports relating to any communications with any Regulatory Health Authority) and all supporting documents, including documentation arising in the course of all clinical studies and tests, in each case relating to any Licensed Compounds or Licensed Products, including all INDs, Regulatory Approvals, regulatory drug lists, advertising and promotion documents, adverse event files and complaint files.

"**Regulatory Health Authority**" means any applicable national (for example, FDA or Japan's Pharmaceuticals and Medical Devices Agency), supranational (for example, the EMA), regional, state, provincial or local regulatory health authority, department, bureau, commission, council, or other government entity regulating or otherwise exercising authority with respect to the Exploitation of Licensed Compounds or Licensed Products in the Territory, including any such entity involved in the granting of Regulatory Approval for pharmaceutical products.

"**Responsible Party**" shall have the meaning assigned in Section 11.6(a)(ii).

"**Review Period**" shall have the meaning assigned in Section 10.8.

"**Safety Agreement**" shall have the meaning assigned in Section 4.7(a).

"**Sales Collaboration Committee**" or "**SCC**" means the committee described in Section 7.2.

"**Senior Executives**" means (i) the Chief Executive Officer of Ardelyx and (ii), for so long as Phase 3 Clinical Trial Development has not yet been initiated, the Executive Vice

President head of Innovative Medicines of AstraZeneca, and, as from such time as Phase 3 Clinical Trial Development has been initiated, the Executive Vice President head of Global Medicines Development of AstraZeneca. A Party shall be entitled, effective upon written notice thereof to the other Party, to designate one of its other representatives having equivalent seniority and experience to replace such foregoing representative as that Party's Senior Executive for the purpose of this Agreement. In the case of Ardelyx, an acceptable replacement would be an acting or temporary Chief Executive Officer, a chairman of the board of directors, or a member of Ardelyx's board of directors acting in an executive capacity.

"**Separate Licensed Product**" shall have the meaning assigned in Section 9.7.

"**Sole Program Know-How**" shall have the meaning assigned in Section 11.2(b).

"**Sole Invention Patent**" shall mean any Patent covering or claiming any invention within the Sole Program Know-How.

"**Specifications**" means the specifications applicable to the Manufacture, packaging and labeling of Licensed Compound or Licensed Products in effect at a given time.

"**Statistical Analysis Plan**" shall have the meaning assigned in Section 5.1(g).

"**Sublicensee**" shall have the meaning assigned in Section 2.2.

"**Tax**" or "**Taxation**" means any form of tax or taxation, levy, duty, charge, social security charge, contribution or withholding of whatever nature (including any related fine, penalty, surcharge or interest) imposed by, or payable to, a Tax Authority.

"**Tax Authority**" means any government, state or municipality, or any local, state, federal or other fiscal, revenue, customs, or excise authority, body or official anywhere in the world, authorized to levy Tax.

"**Term**" shall have the meaning assigned in Section 14.1.

"**Territory**" means the world.

"**Third Party**" means any Person other than Ardelyx or AstraZeneca, or their respective Affiliates.

"**Third Party Claims**" shall have the meaning assigned in Section 15.1(a).

"**Third Party Compensation**" shall have the meaning assigned in Section 9.5(j).

"**Transfer Price**" means (i) when to be charged by Ardelyx, the [***] of all Ardelyx's transferred inventory (representing all amounts paid by Ardelyx to a Third Party for the Manufacture of Licensed Compound or Licensed Product), in accordance with IAS, [***]

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[***]; and (ii) when to be charged by AstraZeneca, the AstraZeneca Full Manufacturing Cost.

"**US Commercialization Plans**" shall have the meaning assigned in Section 7.4.

"**US Launch Plans**" shall have the meaning assigned in Section 7.4.

"**U.S. Territory**" means the United States, its territories, and its possessions.

"**Valid Claim**" means (i) a claim of an issued and unexpired patent within the Licensed Patents, Ardelyx [***] Patents, Joint Patents or AstraZeneca Sole Invention Patents, as applicable, that has not been held unpatentable, invalid, or unenforceable by a court or other government agency of competent jurisdiction in an unappealed or unappealable decision or has not been admitted to be invalid or unenforceable through reissue, re-examination, disclaimer, or otherwise or (ii) a claim of a pending patent application within the Licensed Patents, Ardelyx [***] Patents, Joints Patents or AstraZeneca Sole Invention Patents, as applicable, that has not been abandoned, finally rejected or expired without the possibility of appeal or re-filing. For purposes hereof, [***].

"**Written Disclosure**" shall have the meaning assigned in Section 13.2.

1.2 Construction. Except where the context requires otherwise, whenever used in this Agreement, the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word "**or**" has the inclusive meaning represented by the phrase "**and/or**". Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The term "**including**" or "**includes**" as used in this Agreement means including, without limiting the generality of any description preceding such term. The article, section, and subsection headings contained in this Agreement are for the purposes of convenience only and are not intended to define or limit the contents of such articles, sections, and subsections. The wording of this Agreement shall be deemed to be the wording mutually chosen by the Parties and no rule of strict construction shall be applied against any Party.

ARTICLE 2.
GRANT OF RIGHTS AND LICENSES; EXCLUSIVITY

2.1 Exclusive License to AstraZeneca. Subject to the terms of this Agreement, Ardelyx grants to AstraZeneca:

(a) an exclusive (including with regard to Ardelyx and its Affiliates, except with respect to the retained rights set forth in Section 2.5 below) right and license under the Licensed Technology and Ardelyx's rights in the Joint Technology to Exploit the Licensed Compounds and Licensed Products solely for the purpose of Developing, Manufacturing and Commercializing Licensed Products in the Field and in the Territory.

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(b) an exclusive (including with regard to Ardelyx and its Affiliates, except with respect to the retained rights set forth in Section 2.5 below), right and license under the Ardelyx [***] Technology to Develop, Manufacture and Commercialize the Licensed Compounds and Licensed Products in the Field and in the Territory.

(c) an exclusive (including with regard to Ardelyx and its Affiliates, except with respect to the retained rights set forth in Section 2.5 below), right and license and right of reference in the Territory under Ardelyx's and its Affiliates' rights, titles and interests in and to the Regulatory Approvals, to the extent not assigned pursuant to Section 2.13, to Develop, Manufacture and Commercialize the Licensed Compounds and Licensed Products in the Field and in the Territory.

2.2 Sublicenses. AstraZeneca shall have the right to grant sublicenses, through multiple tiers of sublicenses, under the licenses granted to AstraZeneca under Section 2.1, to its Affiliates and to any other Person. Where AstraZeneca or its Affiliates grants such sublicense to a Person that is not an Affiliate of AstraZeneca, and such Person is not a Distributor, such Person shall be a "**Sublicensee**" for the purposes of this Agreement, and any Person to which a Sublicensee grants a further sublicense shall also be a Sublicensee; provided, however, that any Person that (i) is granted a sublicense under the license granted to AstraZeneca pursuant to Section 2.1 solely to enable such Person to provide contract research or development services or contract manufacturing services for AstraZeneca, its Affiliates or Sublicensees, and (ii) does not have the right to distribute, market or sell the Licensed Products shall not be a "**Sublicensee**" for purposes of this Agreement. AstraZeneca, its Affiliates and its Sublicensees shall ensure that all Persons to which they grant sublicenses comply with all terms and conditions of this Agreement. Without limiting the foregoing, AstraZeneca shall obtain rights and licenses from its Affiliates and Sublicensees as necessary to enable AstraZeneca to grant to Ardelyx rights and licenses under Patents and Know-How Controlled by such Affiliates and Sublicensees to the same extent as AstraZeneca grants to Ardelyx pursuant to this Agreement under AstraZeneca Sole Invention Patents, Sole Program Know-How owned by AstraZeneca, AstraZeneca's interest in the Joint Technology and AstraZeneca Background Technology, including without limitation the licenses and rights granted to Ardelyx pursuant to Sections 2.7 and 2.8 and Article 14. AstraZeneca shall remain liable for any action or failure to act by any Sublicensee, or any other Party that is granted a sublicense under the licenses granted in Section 2.1 by AstraZeneca, its Affiliates or its Sublicensees, that would constitute a breach of this Agreement if such action or failure were committed by AstraZeneca.

2.3 Distributorships. AstraZeneca shall have the right, in its sole discretion, to appoint its Affiliates, and AstraZeneca, its Affiliates and its Sublicensees shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country of the Territory, to distribute, market and sell the Licensed Products, with or without packaging rights. In circumstances where such appointed Person purchases its requirements of Licensed Products from AstraZeneca, its Affiliates or its Sublicensees, but does not otherwise make any royalty or other payment to AstraZeneca, its Affiliates or its Sublicensees with respect to Intellectual Property Rights, and where such Person is not an Affiliate of AstraZeneca and neither AstraZeneca nor any of its Affiliates shares in the profits from, or has an equivalent interest in the proceeds from, the sale of Licensed Products by such Person, that Person shall be a "**Distributor**" for purposes of this Agreement. The term "packaging rights" in this Section 2.3

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shall mean the right for the Distributor to package Licensed Products supplied in unpackaged bulk form into individual ready-for-sale packs. AstraZeneca shall remain liable for any action or failure to act by the Distributor that would constitute a breach of this Agreement if such action or failure were committed by AstraZeneca.

2.4 Co-Promotion Rights. For the avoidance of doubt, AstraZeneca and its Affiliates shall have the right, in their sole discretion, to co-promote the Licensed Products with any other Person(s), or to appoint one or more Third Parties to promote the Licensed Products without AstraZeneca in all or any part of the Territory, provided however that the foregoing shall not adversely impact Ardelyx's rights under the Co-Promote Option.

2.5 Rights Retained by Ardelyx. Notwithstanding the foregoing, Ardelyx retains the right under the Licensed Technology, Ardelyx [***] Technology and Joint Technology to (i) conduct the Initial Studies and the IBS-C Study as set forth in Article 5 and perform any other Development activities that may be explicitly assigned to be performed by Ardelyx by the Development Collaboration Committee; (ii) Manufacture or have Manufactured the Licensed Compound or the Licensed Product in satisfaction of its obligations under Article 8 hereof; (iii) following the exercise of the Co-Promote Option, promote the Co-Promote Product in the U.S. Territory subject to Article 7; and (iv) conduct any other activities expressly assigned to Ardelyx by the DCC under this Agreement (collectively, the activities referred to in (i), (ii), (iii) and (iv) the "**Assigned Activities**" and, solely the activities referred to in (iv) the "**Additional Assigned Activities**").

2.6 Exclusion Option. During the Term, should Ardelyx or any of its Affiliates [***]. AstraZeneca may, at any time after having received such notification from Ardelyx or otherwise after AstraZeneca first becomes aware that Ardelyx or any of its Affiliates have [***], notify Ardelyx in writing that AstraZeneca desires to exclude [***] (such right, the "**Exclusion Option**"). From and after the date upon which Ardelyx receives such written notice of AstraZeneca's exercise of the Exclusion Option, AstraZeneca shall have no further rights under such [***].

2.7 License to Ardelyx. AstraZeneca grants to Ardelyx a non-exclusive, paid-up, royalty free, worldwide license under any Sole Program Know-How owned by AstraZeneca, the AstraZeneca Sole Invention Patents and AstraZeneca's interest in the Joint Technology, to Exploit the Licensed Compounds and Licensed Products for the sole purpose of performing the Assigned Activities.

2.8 [***]

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[***]

2.9 Non-compete and Restrictive Covenants.

(a) During the period starting on the Effective Date and continuing until the earlier to occur of [***], neither AstraZeneca nor any of its Affiliates shall, except as otherwise expressly permitted in this Agreement, either by itself or through a Third Party, [***] (such product or compound, an "**NHE3 Product**").

(b) During the period starting on the Effective Date and continuing until [***], neither AstraZeneca nor any of its Affiliates shall, except as otherwise expressly permitted in this Agreement, either by itself or through a Third Party, [***] any NHE3 Product in the Territory; provided that [***].

(c) Except as otherwise expressly permitted in this Agreement, neither Ardelyx nor any of its Affiliates shall, either by itself or through a Third Party, [***] research or Develop any NHE3 Product, or [***] any NHE3 Product; provided that [***].

(d) Notwithstanding the aforesaid, neither a Party's nor any of such Party's Affiliates' direct or indirect acquisition of or merger with, in whole or in part, a Person (or group of companies) or the business of a Person (or group of companies) having any activity contravening the covenants set forth above in this Section 2.9, shall constitute a breach of such covenants by such Party, if, within [***], such Party shall, (i) in the case of AstraZeneca either (A) provide Ardelyx with written notice of its, or its Affiliates', as the case may be, [***], or (B) exercises its right to terminate this Agreement pursuant to Section 14.2(b)(i), in which case such termination shall be effective thirty (30) days after Ardelyx's receipt of a written notice of termination from AstraZeneca, and (ii) in the case of Ardelyx, provide AstraZeneca with written notice of its, or its Affiliates', as the case may be, [***]. In

the event that a Party provides a written notice of its or its Affiliates' [***] pursuant to the above, then (X) such Party shall (or, as the case may be, cause its relevant Affiliate to) diligently pursue [***], and in any case, [***] after the closing of the acquisition or merger transaction under which the relevant business was acquired, and (Y) neither such Party nor its Affiliates, as the case may be, shall during such [***] period, [***] the NHE3 Product (being the subject of research or Development activities forming part of the relevant business which is to be divested), unless [***]. In the case of AstraZeneca undergoing such a transaction, (1) it shall, notwithstanding anything to the contrary in this Section 2.9(d), at all times continue to be obligated to use Commercially Reasonable Efforts to Develop or Commercialize Licensed Products in accordance with its obligations under and subject to Section 4.4(a), and (2) if AstraZeneca elects to terminate this Agreement as set forth above pursuant to Section 14.2(b)(i) and such termination is effective prior to the expiration of the Notification Period, AstraZeneca shall (XX) continue to be obligated to reimburse Ardelyx for its Development Expenses incurred in the performance of the IBS-C Study, whether incurred prior to, or on or after, the effective date of such termination, up to a maximum amount of [***] and (YY) otherwise comply with its obligations to reimburse Ardelyx for its committed non-cancellable Development Expenses in accordance with Section 14.3(b).

(e) With respect to the Listed Patents, Ardelyx covenants that for the duration of the Term neither Ardelyx nor any of its Affiliates shall directly or indirectly (i) seek to [***], or [***] any rights to, any [***]; (ii) grant any [***] in respect of [***]; or (iii) seek to [***] unless expressly permitted by this Agreement.

(f) The words [***] and all variations thereof included in this Section 2.9 with reference to NHE3 Products shall include the activities described in the [***], but with such activities being with respect to NHE3 Products rather than with respect to Licensed Product as set forth in the definition.

(g) The Parties agree that the restrictions contained in this Section 2.9 are reasonable and necessary for the protection of the Parties' and their Affiliates' respective confidential information and business, that such restrictions are reasonable in all the circumstances and that the Parties would not have entered into this Agreement without the protections afforded to them under this Section 2.9.

2.10 No Implied Rights. This Agreement confers no right, license, or interest by implication, estoppel, or otherwise under any Patents, Know-How, or other Intellectual Property Rights of either Party except as expressly set forth in this Agreement. Each Party hereby expressly retains and reserves all rights and interests with respect to Patents, Know-How, or other Intellectual Property Rights not expressly granted to the other Party hereunder.

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2.11 No Encumbrance. Ardelyx shall not assign, transfer, convey or otherwise encumber its rights to the Licensed Technology, Joint Technology or Regulatory Approvals, and shall not use any of the foregoing itself or grant any right, title or interest therein to any Person, in each case in a manner that is inconsistent with the exclusive licenses or other rights granted to AstraZeneca under this Agreement.

2.12 Exclusivity Term. AstraZeneca's exclusive licenses granted under Section 2.1, shall expire with respect to each separate Licensed Product, on a country-by-country basis, on the date when AstraZeneca's obligation to pay royalties with respect to such Licensed Product expires pursuant to Section 9.5(i). Upon expiry of AstraZeneca's exclusive licenses with respect to a Licensed Product in a country, AstraZeneca's licenses with respect to such Licensed Product in such country shall become non-exclusive, fully paid-up, perpetual and irrevocable and the Net Sales of such Licensed Product in such country shall be excluded from the royalty calculations under Section 9.5 (including the thresholds and ceilings). AstraZeneca and its Affiliates and Sublicensees shall be allowed to continue exercising AstraZeneca's rights under the licenses granted in Section 2.1 on a non-exclusive basis in such country with no further consideration to Ardelyx.

2.13 Assignment of Regulatory Documentation. Ardelyx hereby assigns to AstraZeneca all of its rights, titles and interests in and to all Regulatory Documentation, including, to the extent permitted by Applicable Laws, all Regulatory Approvals Controlled by Ardelyx as of the Effective Date and from time to time during the Term, provided, however, that (i) Ardelyx shall retain the IBS-C IND until Completion of the IBS-C Study, and (ii) Ardelyx shall retain the Cardio/Renal IND until such time as the Cardio/Renal IND has become effective. Ardelyx shall duly execute and deliver, or cause to be duly executed and delivered, such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary to complete such assignment, or as AstraZeneca may reasonably request in connection therewith, or to carry out more effectively the purpose thereof, or to better assure and confirm unto AstraZeneca its rights under this Section 2.13, at AstraZeneca's cost and expense.

2.14 Confirmatory Patent Licenses. Ardelyx shall, if requested to do so by AstraZeneca, immediately enter into short form confirmatory license agreement(s) in the form or substantially the form set out in Exhibit C for purposes of (i) recording the licenses granted under this Agreement with such Patent authorities in the Territory as AstraZeneca considers appropriate or (ii) otherwise being able to demonstrate the existence of the licenses granted to AstraZeneca under this Agreement to relevant authorities where required without having to disclose this Agreement in its entirety. Until the execution of any such confirmatory licenses, so far as may be legally possible, Ardelyx and AstraZeneca shall have the same rights in respect of the licenses granted under this Agreement and be under the same obligations to each other in all respects as if such confirmatory licenses had been executed.

ARTICLE 3.
JOINT PROJECT TEAM AND DEVELOPMENT COLLABORATION COMMITTEE

3.1 JPT. Ardelyx and AstraZeneca shall establish a Joint Project Team (the "**JPT**"). The JPT shall remain in effect as from the Effective Date and for as long as [***]

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[***]. The JPT shall serve as a joint working group for the purpose of implementing the Development Plan, coordinating the practical aspects of the Parties' collaboration under this Agreement, handling day-to-day issues in relation thereto, facilitating communication between the Parties in respect thereof and otherwise performing such specific tasks as may be assigned to it by the DCC. The JPT shall consist of [***] project leaders, [***], and such additional members as each Party may appoint from time to time as necessary or useful for the performance of the JPT's responsibilities hereunder. Each Party shall have the right to withdraw or replace its JPT representatives upon written notice to the other Party, provided that any such substitute representative shall have substantially the equivalent position and experience as the representative that such person replaces, and further provided that replacements for the Parties' respective project leaders shall be subject to the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or conditioned. AstraZeneca and Ardelyx shall each bear all expenses of its JPT members related to such members' participation on the JPT. Each Party's representatives on the JPT as of the Effective Date are set forth in Exhibit D.

3.2 Overview of the DCC. Ardelyx and AstraZeneca shall establish a development collaboration committee in accordance with this Article 3 (the "**DCC**"). The DCC shall remain in effect as from the Effective Date and until [***]. If the DCC is disbanded pursuant to the preceding sentence and AstraZeneca thereafter decides to [***]. The DCC shall serve as a forum for discussing and sharing Information and Materials; discussing strategy regarding the Development of the Licensed Products; and discussing the allocation of Development activities to be conducted by Ardelyx and AstraZeneca, as more fully set forth in this Article 3.

3.3 Composition of the DCC. [***] Each Party's representatives on the DCC as of the Effective Date are set forth in Exhibit E. The DCC shall be chaired by a representative of [***]. The chairperson shall be responsible for calling meetings, setting the agenda, circulating the agenda at least ten (10) days prior to each meeting and distributing minutes of the meetings within thirty (30) days following such meetings (provided that the chairperson may elect to delegate the performance of its responsibilities to other members of the DCC from time to time), but will not otherwise have any greater power or authority than any other member of the DCC. The chairperson shall coordinate with each Party to schedule each DCC meeting at least six (6) months in advance of such meeting, or – with regard to meetings that are called for on shorter notice – as early as reasonably practicable in advance of such meeting. Each Party shall disclose to the chairperson any proposed agenda

items, along with appropriate Information and Materials at least twenty (20) Business Days in advance of each meeting of the DCC (or – with regard to meetings that are called for on shorter notice – as early as reasonably practicable in advance of such meeting). The chairperson shall not unreasonably reject any proposed agenda items. At least one (1) member of the DCC selected by Ardelyx and one (1) member of the DCC selected by AstraZeneca shall have substantial experience in pharmaceutical product research and development, and all of the members of the DCC shall have such expertise as appropriate to the activities of the DCC. Each Party may replace its members of the DCC upon written notice to the other Party, provided that any such substitute member shall have substantially the equivalent functional expertise, experience and seniority as the member that such person replaces. From time to time, the DCC may invite non-voting personnel of either Party having formulation, Manufacturing, Commercialization, marketing or other expertise to participate in discussions of the DCC. An alternate voting member designated by a Party may serve temporarily in the absence of a permanent voting member appointed by such Party, and either Party may also designate one or more non-voting consultants to such Party who are under written obligations of confidentiality to such Party as DCC observers who may attend the DCC meetings in an observational capacity only.

3.4 Responsibilities of the DCC. The DCC's responsibilities will include, among others, (i) reviewing and approving the Development Plan and Development Budget, and any amendments thereto, (ii) approving (or establishing procedures to approve) protocols for nonclinical studies or Clinical Trials and any amendments or modifications to such protocols or studies, (iii) performing quarterly reviews of the progress of nonclinical and clinical studies and any proposed additional studies, (iv) facilitating the exchange of Information and Materials, (iv) facilitating the timely transfer of Manufacturing responsibility to AstraZeneca in accordance with Article 8, (v) reviewing and approving a proposal by either Party to stop a Clinical Trial of a Licensed Product, (vi) allocating responsibility for Development activities between the Parties, (vii) reviewing and discussing initial Commercialization Plans; (viii) discussing any Additional Assigned Activities that may be assigned to Ardelyx, and the details of the performance of such Additional Assigned Activities, including any budgets related thereto; (ix) on a yearly basis commencing in the Calendar Year [***], review the FTE rate to be used in calculating the Additional Assigned Activity Expenses and the Development FTE Rate to consider whether such rates shall be increased to reflect increases in Ardelyx's costs of conducting Assigned Activities; and (x) performing such other functions as appropriate to further the purposes of this Agreement as determined by the Parties.

3.5 Meetings of the DCC. The DCC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every three (3) months. Meetings of the DCC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the DCC, or may be held via internet, telephonically or by videoconference; provided that at least two (2) meetings per year shall be held in person. Meetings of the DCC will be effective only if at least two representatives of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred in connection with its employees, consultants and its members of the DCC attending or otherwise participating in DCC meetings.

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3.6 DCC Decision Making. The DCC shall make decisions within its remit only by [***]. In the event that (a) [***] on a matter before it for decision within fifteen (15) days after the matter was first considered by it or (b), if Ardelyx has [***] within fifteen (15) days after the date when the matter in dispute was first raised by either Party with the other Party; then the matter may be referred by either Party to the Senior Executives, who shall meet (in person, via internet, telephonically or by videoconference) and attempt to resolve the matter within fifteen (15) days of such referral. In the event that the Senior Executives are unable to reach consensus within such fifteen (15)-day period, [***]. Notwithstanding the foregoing, (i) Ardelyx shall not be required to perform any Additional Assigned Activities unless Ardelyx specifically agrees to conduct such Additional Assigned Activities in accordance with the budgets and plans for such activities proposed by the DCC, and (ii) in the event that [***] cannot be attained, [***] with respect to the IBS-C protocol or the Statistical Analysis Plan unless [***]. In the case of subsection (ii) above, the Parties shall continue to revise the IBS-C Study protocol or Statistical Analysis Plan until such time as [***].

3.7 Ardelyx Membership in the DCC. For any period during which Ardelyx is not actively conducting any Clinical Trial under this Agreement, Ardelyx's membership in the DCC shall be at its sole discretion, as a matter of right and not obligation, for the sole purpose of performing activities within the remit of the DCC. During any such period, Ardelyx shall have the right to withdraw from membership in the DCC upon thirty (30) days' written notice to AstraZeneca, which notice shall be effective upon the expiration of such thirty (30) day period. Such withdrawal shall not, however, relieve Ardelyx of any of its obligations under this Agreement (apart from the obligation to participate at DCC meetings). Upon the effective date of Ardelyx's withdrawal pursuant to the above, Ardelyx's membership in such committee shall be terminated. Notwithstanding its withdrawal pursuant to the above, Ardelyx shall have the right to continue to receive the Information and Materials it would otherwise be entitled to receive under this Agreement. If, at any time, following its issuance of a notice of withdrawal pursuant to the above, Ardelyx wishes to resume participation in the DCC, it shall notify AstraZeneca thereof in writing and, as from the thirtieth (30th) day thereafter, Ardelyx representatives to the DCC shall be entitled to attend any subsequent meeting of the DCC and to participate in the activities and decision-making by the DCC as provided in Section 3.6 as if such withdrawal notice had not been issued by Ardelyx pursuant to this Section 3.7. If the Development Collaboration Committee is disbanded, then any Information and Materials originally to be disclosed through the DCC shall be provided to such Party directly by the other Party subject to the terms and conditions of this Agreement.

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ARTICLE 4.
GENERAL PROVISIONS ON DEVELOPMENT AND COMMERCIALIZATION

4.1 Information Disclosure; Assistance; Record Keeping.

(a) Ardelyx acknowledges that it has, prior to the Effective Date, made available to AstraZeneca all material Regulatory Documentation Controlled by Ardelyx and tangible and electronic embodiments of all Licensed Know-How existing as of the Effective Date. After the Effective Date, and promptly following AstraZeneca's request to do so, Ardelyx shall transfer to AstraZeneca copies of all of the "**Essential Documents**" as defined in Chapter 8 of ICH-GCP that are Controlled by Ardelyx relating to the Lead Licensed Compound and Lead Licensed Product (the "**Essential Documents**"). Ardelyx will have the right to retain original copies of the foregoing but shall make such original copies available to AstraZeneca at Ardelyx's site of business upon reasonable advance written notice by AstraZeneca.

(b) From time to time after the Effective Date, to the extent not done so already, Ardelyx shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AstraZeneca, in whatever form AstraZeneca may reasonably request, as soon as reasonably practicable after the earlier of the development, making, conception or reduction to practice of each of the following: copies or tangible embodiments of all Regulatory Documentation Controlled by Ardelyx, Sole Program Know-How owned by Ardelyx, Joint Know-How and Ardelyx [***] Know-How. Subject to Section 4.1(e), Ardelyx will have the right to retain original copies of the foregoing, and shall make such original copies available to AstraZeneca at Ardelyx's site of business upon reasonable advance written notice by AstraZeneca.

(c) Without prejudice to its other obligations under this Agreement, including activities explicitly assigned by the DCC to be performed by Ardelyx in connection with the Development hereunder, Ardelyx shall, at its cost and expense, provide AstraZeneca with all reasonable assistance required in order to transfer the Licensed Know-How to AstraZeneca in a timely manner or, at the reasonable cost and expense of AstraZeneca, assist AstraZeneca with respect to the practice of the Licensed Know-How in connection with Development, Manufacture or Commercialization of the Licensed Compounds and the Licensed Products.

(d) Each Party shall maintain, or cause to be maintained, records of its activities under this Agreement, including the Essential Documents and including records in the form of laboratory notebooks, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of its activities hereunder, which shall record only such activities and shall not include or be commingled with records of activities outside the scope of this Agreement, and which shall be retained by such Party for at least five (5) years after the termination of this Agreement, or for such longer period as may be required by Applicable Laws. AstraZeneca shall have the right, during normal business hours and upon reasonable prior notice, to inspect and copy any such records of Ardelyx.

(e) AstraZeneca acknowledges that laboratory notebooks maintained by Ardelyx prior to the Effective Date may include records of activities outside of the scope of this

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Agreement. Therefore, during the Term, Ardelyx shall, without prejudice to its other obligations hereunder (including Sections 4.1(b) and 4.1(c)) as soon as reasonably practicable after Ardelyx's receipt of AstraZeneca's request, and at the reasonable cost and expense of AstraZeneca, provide AstraZeneca with redacted copies of the laboratory notebooks as may be required for AstraZeneca's patent prosecution and maintenance purposes, and shall further make the original laboratory notebooks available to AstraZeneca during normal business hours and upon reasonable notice if required for AstraZeneca's patent prosecution and maintenance purposes; provided that, Ardelyx shall have the right to use reasonable measures to protect the confidentiality of such records included in the laboratory notebooks that relate to activities outside of the scope of this Agreement, provided, however, that such measures are consistent with the preservation of the original records for use as evidence in legal proceedings.

4.2 Development Plan and Development Budget. The Development of the Licensed Products shall be governed by a global development plan ("**Development Plan**"), and costs and expenses relating to the Development of Licensed Products shall be governed by a development budget ("**Development Budget**"). Within [***] after the Effective Date, AstraZeneca shall submit the Initial Development Plan and Development Budget to the DCC for approval in accordance with the terms of Section 3.4, Section 3.6 and Exhibit A. Following Completion of the Initial Studies, AstraZeneca will prepare in consultation with Ardelyx a Development Plan that will include, among other things, (i) the initial indication(s) for which the Licensed Product is planned to be Developed, (ii) other indications for which the Licensed Product may be developed, (iii) the proposed overall program of Development for the Licensed Product for any indications elected by AstraZeneca in each Major Market, and any other applicable countries, including without limitation all material nonclinical studies, toxicology, pharmacology studies, formulation, process development, clinical studies, and regulatory plans and other main elements of obtaining Regulatory Approval in each Major Market, and any other applicable country, (iv) critical activities to be undertaken, timelines, decision points and relevant decision criteria, and (v) allocation of responsibilities between the Parties for the various activities to be undertaken under the Development Plan; all based on what can reasonably be foreseen and planned at the time of preparation of the Development Plan. Each Party will have the right to use its Affiliates or Third Parties to perform Development activities allocated to it under the Development Plan, provided that any Affiliate or Third Party retained by Ardelyx for such purpose that is not listed in Exhibit F (as such Exhibit may be amended or reduced by the DCC from time to time after the Effective Date) shall first have been approved by AstraZeneca, such approval not to be unreasonably withheld, and further provided that if any Third Party listed on Exhibit F does not agree in writing to comply with the AstraZeneca Code of Conduct (as set forth in the website set forth in Section H7 of Exhibit H) within thirty (30) days after the Effective Date, Ardelyx shall confer with the DCC regarding further use of such Third Party to perform such activity and other measures acceptable to the DCC that should be taken with respect thereto. While the DCC is in effect, the DCC will review the Development Plan and Development Budget at least four times per year, and will amend the Development Plan and Development Budget as necessary pursuant to review. Each Party responsible for conducting a Clinical Trial shall provide the Clinical Trial results to the DCC in draft form as soon as reasonably practicable and shall provide each final report to the DCC, within ten (10) days after finalization of the Clinical Trial report. After the DCC is disbanded pursuant to Section 3.2 or Section 3.7, AstraZeneca shall continue to revise the Development Plan and Development Budget at least [***], and such revisions (or areasonably detailed summary thereof) shall be delivered to Ardelyx as soon as reasonably practicable following finalization thereof.

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4.3 Development Expenses. Subject to Section 6.1 below, AstraZeneca will be responsible for the payment of all Development Expenses incurred after the Effective Date in connection with the Development of Licensed Products in the Territory. With respect to the Development activities allocated to, and conducted by Ardelyx in accordance with the Development Plan, AstraZeneca shall reimburse Ardelyx for all Development Expenses incurred by Ardelyx that are consistent with and within the limits of the Development Plan and the Development Budget each as approved by the DCC. For the avoidance of doubt, the foregoing shall include Development Expenses incurred by Ardelyx for the conduct of the IBS-C Study, which expenses shall be reimbursed by AstraZeneca hereunder, up to a maximum amount of [***]. Ardelyx's Internal Development Expenses shall be determined on an FTE basis in accordance with this Section 4.3. Ardelyx shall submit invoices to AstraZeneca at the beginning of each Calendar Quarter, which invoices shall detail the Development Expenses incurred by Ardelyx during the previous Calendar Quarter, including all FTE charges and all External Development Expenses in connection with performing activities under the Development Plan and within the Development Budget. Ardelyx may, in its sole discretion, elect to submit invoices to AstraZeneca on a monthly basis rather than on a Calendar Quarter basis (in which case Ardelyx shall submit invoices to AstraZeneca at the beginning of each calendar month and such invoices shall detail such Development Expenses incurred by Ardelyx during the previous calendar month). Ardelyx's FTEs shall be charged to Development Expenses at an annual rate of [***] per FTE, subject to Section 3.4(ix) (the "**Development FTE Rate**"). For the avoidance of doubt, such rate shall include [***]. AstraZeneca shall pay each invoice fulfilling the requirements set out in Section 9.12 within forty-five (45) days of its receipt thereof, regardless of whether such invoices have been submitted on a Calendar Quarter or monthly basis.

4.4 Diligence Obligations.

(a) AstraZeneca shall use Commercially Reasonable Efforts at its own cost and expense (i) to Develop a Licensed Product and to seek Regulatory Approval for such Licensed Product for use in humans in each of the Major Markets, (ii) Manufacture or have Manufactured Licensed Compound and Licensed Product for use in the Development and Commercialization thereof, and (iii) to Commercialize a Licensed Product for use in humans in each of the Major Markets. AstraZeneca shall perform, or cause its Affiliates or Third Party contractors to perform, its responsibilities under this Agreement, and Ardelyx shall perform, or cause its Affiliates or Third Party contractors to perform the Assigned Activities, in each case, in compliance with this Agreement, all Applicable Laws, applicable FDA (or foreign equivalent) requirements, including, without limitation, then-current GLP, GCP and GMP. For the avoidance of doubt, AstraZeneca shall not be obligated to obtain Regulatory Approvals for, or Commercialize, more than one Licensed Product for use in humans in any Major Market. Further, Ardelyx acknowledges and agrees that nothing in this Section 4.4 is intended, or shall be construed, to require AstraZeneca to Develop or Commercialize a specific Licensed Product. In the event that AstraZeneca decides to discontinue the Development or Commercialization of a

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Licensed Product in favor of another Licensed Product, its obligations under this Section 4.4 shall cease with respect to such initial Licensed Product in favor of such other Licensed Product. AstraZeneca shall have no other obligation, express or implied, to Exploit the Licensed Products.

(b) If Ardelyx at any time believes that AstraZeneca may be in material breach of its obligations under Section 4.4(a), then Ardelyx may exercise its rights under Section 16.2(a) or proceed directly to exercise its rights under Section 14.2(a) (subject to the provisions set forth therein), at Ardelyx's sole discretion.

4.5 Reports of Development Activities. During the period that the DCC is in effect, each Party will report on the Development activities, if any, undertaken by it in accordance with the Development Plan at each meeting of the DCC or at such other intervals as may be set forth in the Development Plan. After the DCC is disbanded, AstraZeneca shall continue to provide Ardelyx (i) on a semiannual basis with a written report of its Development activities, and (ii) a copy of each Clinical Trial final report within ten (10) days after each such Clinical Trial report is finalized. Whether provided during the period the DCC is in effect, or thereafter, the Development reports shall include a reasonably detailed summary of all results, data and material inventions, if any, obtained from such Development activities. In addition, each Party will, at its own expense, make appropriate scientific and regulatory personnel available to the other Party, either by telephone or in person as the Parties may mutually agree, as reasonably required to keep the other Party informed of Development activities conducted by such Party.

4.6 Regulatory Matters.

(a) Following the transfer of an IND to AstraZeneca pursuant to Section 2.13, AstraZeneca shall be solely responsible for all regulatory filings and communications with each Regulatory Health Authority with respect to that IND, and AstraZeneca shall be solely responsible for any and all subsequent filings and communications with the Regulatory Health Authority including, without limitation, for the preparation and filing of all additional INDs (except in relation to such IND(s) as are retained by Ardelyx pursuant to Section 2.13) and for providing, in the format required by Regulatory Health Authorities, the data and information required to be submitted to such Regulatory Health Authorities for Regulatory Approval of Licensed Products, including without limitation data from all Clinical Trials and all Manufacturing and controls information required for Regulatory Approval of such Licensed Product by the Regulatory Health Authorities. AstraZeneca shall, subject to the conditions and within the limitations set forth in Section 4.4(a), use Commercially Reasonable Efforts to obtain Regulatory Approval for Licensed Products in (i) the Major Markets, and (ii) in any other countries where AstraZeneca determines at its sole discretion that it is commercially viable to do so.

(b) During the Term, whether through the DCC while such committee is in effect, or by providing Information and Materials directly to Ardelyx after the DCC has been disbanded, AstraZeneca shall report to Ardelyx regarding the status of each pending or proposed IND application or Drug Approval Application covering a Licensed Product in the Territory.

(c) If Ardelyx has exercised the Co-Promote Option (as described in Section 7.1 below) the following shall apply: AstraZeneca shall keep Ardelyx informed on an ongoing basis

regarding the schedule and process for the preparation of the Drug Approval Application in respect of the relevant Co-Promote Product in the U.S. Territory, provide final (or close to final) drafts of those sections of the Drug Approval Application requested by Ardelyx, and permit Ardelyx to review and comment on sections of such drafts in parallel with AstraZeneca's review process and in compliance with the timelines AstraZeneca has stipulated for its internal purposes, and AstraZeneca shall use reasonable efforts to incorporate Ardelyx's comments therein. Notwithstanding the aforesaid, if the Parties are unable to achieve a consensus regarding any comments made or changes proposed by Ardelyx, AstraZeneca shall make the final determination as to whether and when to file the Drug Approval Application as well as the form and content thereof. The purpose of such foregoing interactions shall be to identify and resolve any potential reasonable concerns of Ardelyx in advance of the proposed filing of such Drug Approval Applications (and in particular the initial Drug Approval Application) in the U.S. Territory. Following the filing of the initial Drug Approval Application in the U.S. Territory, AstraZeneca shall continue to work with Ardelyx in the manner outlined above in this Section 4.6(c) in connection with any subsequent Drug Approval Applications in the U.S. Territory for the Co-Promote Product in respect of which Ardelyx has exercised the Co-Promote Option, and AstraZeneca shall provide Ardelyx with a copy in electronic form of all filings to Regulatory Health Authorities in the U.S. Territory that it makes hereunder in connection with such foregoing Drug Approval Applications. AstraZeneca shall further promptly furnish Ardelyx with copies of all material correspondence or minutes from any material meetings with any Regulatory Health Authority, in each case relating to any such Drug Approval Application in the U.S. Territory.

(d) During the period when the DCC is in effect, AstraZeneca shall notify Ardelyx of any request for [***] and AstraZeneca shall allow [***]. The foregoing shall apply with respect to [***]. AstraZeneca shall as soon as reasonably practicable furnish Ardelyx with copies of all substantive correspondence AstraZeneca has had with any Regulatory Health Authority, and contact reports concerning substantive conversations or substantive meetings with any Regulatory Health Authority, in each case relating to any such IND or Drug Approval Application. As from the date when the DCC is disbanded, Ardelyx's rights hereunder shall cease, provided, however, that if Ardelyx has exercised the Co-Promote Option, then during the period when the SCC is in effect, Ardelyx shall have the rights set out in this subsection (d) but such rights shall (i) be limited to the U.S. Territory and the Co-Promote Product and (ii) further be limited such that Ardelyx may participate as an observer in any meeting or conference call as set forth above only to the extent invited to do so by AstraZeneca.

(e) Ardelyx shall notify AstraZeneca of any request for a meeting or substantive telephone conference call with any Regulatory Health Authority relating to any IND or IND equivalent for which Ardelyx is the sponsor and Ardelyx shall allow one (1) representative of AstraZeneca to participate as an observer in any such meeting or conference call. The foregoing shall apply with respect to meetings or conferences initiated by Ardelyx or by a Regulatory Health Authority.

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(f) If Ardelyx has exercised the Co-Promote Option, and any Regulatory Health Authority threatens or initiates any action to remove a Licensed Product (in respect of which the Co-Promote Option has been exercised) from the market in the U.S. Territory, AstraZeneca shall notify Ardelyx of such communication within [***] of receipt by AstraZeneca.

4.7 Adverse Event Reporting and Product Recall.

(a) Each Party agrees to provide the other Party with the necessary safety information required by Regulatory Health Authorities to comply with Applicable Laws. AstraZeneca will hold the safety database for the Licensed Compounds and the Licensed Products and Ardelyx will provide safety information as required by Applicable Laws, in a timely manner. As promptly as possible following the Effective Date and in any event prior to the initiation of the Initial Studies, the IBS-C Study or any other Clinical Trial to be performed by Ardelyx under this Agreement, the Parties will enter into a detailed safety agreement (the "**Safety Agreement**"), governing, among other things, appropriate adverse event reporting procedures relating to Licensed Products and reflecting the provisions set forth above in this Section 4.7(a).

(b) In the event that any government agency or authority issues or requests a recall or takes similar action in connection with the Licensed Compounds or the Licensed Products, or in the event either Party determines that an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal, the Party notified of or desiring such recall or market withdrawal shall promptly advise the other Party thereof. Following notification of a recall, AstraZeneca shall have the right to decide whether to conduct a recall or market withdrawal (except in the case of a government-mandated recall) in the Territory and shall have control of the manner in which any such recall or market withdrawal shall be conducted. AstraZeneca shall bear the expenses of any recall of a Licensed Product.

4.8 Additional Assigned Activity Expenses. With respect to any Additional Assigned Activities assigned to Ardelyx by the DCC to which Ardelyx has consented, AstraZeneca shall reimburse Ardelyx for all Additional Assigned Activity Expenses incurred by Ardelyx that are consistent with and within the limits of the budget approved by the DCC for such Additional Assigned Activities. Ardelyx shall submit invoices for amounts to be reimbursed to AstraZeneca at the beginning of each Calendar Quarter, which invoices shall detail the Additional Assigned Activity Expenses incurred by Ardelyx during the previous Calendar Quarter in which Ardelyx performs Additional Assigned Activities. Ardelyx may, in its sole discretion, elect to submit invoices to AstraZeneca on a monthly basis rather than on a Calendar Quarter basis (in which case, such invoices shall be submitted to AstraZeneca at the beginning of each calendar month and shall detail the Additional Assigned Activity Expenses incurred by Ardelyx during the previous calendar month). AstraZeneca shall pay each invoice fulfilling the requirements set out in Section 9.12 within forty-five (45) days of its receipt thereof, regardless of whether such invoices have been submitted on a Calendar Quarter or monthly basis.

4.9 General Provisions Regarding Commercialization.

(a) AstraZeneca will control and perform, itself or through its Affiliates, Sublicensees or Distributors, the Commercialization of all Licensed Products throughout the Territory and, as a result, shall, subject to the conditions and within the limitations set forth in Section 4.4 (a), be

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obligated and responsible for using Commercially Reasonable Efforts to carry out Commercialization activities pursuant to each Commercialization Plan. For the avoidance of doubt AstraZeneca (or, as the case may be, its Affiliates or Sublicensees) shall book all of their sales of each Licensed Product, coordinate the Manufacture and supply of all Licensed Products required for Commercialization, invoice Third Parties (including Distributors) that purchase Licensed Products from AstraZeneca (or its Affiliates or Sublicensees), and collect payment for all Licensed Products sold by AstraZeneca (or its Affiliates or Sublicensees). Except to the extent otherwise described in this Agreement, AstraZeneca will be solely responsible for, and will bear all costs relating to, the Commercialization of the Licensed Products in the Territory.

(b) With respect to Commercialization of Licensed Products (other than with respect to a Co-Promote Product in the U.S. Territory), (i) such Commercialization shall be conducted independently of Ardelyx by AstraZeneca, its Affiliates and Sublicenses, (ii) AstraZeneca shall provide to Ardelyx summaries of its overall plans for Commercialization and launch of Licensed Products (each a "**Commercialization Plan**"), and (iii) subject to the immediately following sentence, on an annual basis, AstraZeneca shall provide to Ardelyx a Commercialization Plan specifying AstraZeneca's plan for conducting Commercialization activities with respect to Licensed Products, which plan shall include at a minimum those activities to be conducted in the Major Countries, and a report of the current status of such Commercialization activities. AstraZeneca shall use Commercially Reasonable Efforts to provide the first Commercialization Plan described in Section 4.9(b)(iii) as soon as reasonably practicable following the Filing of the first Drug Approval Application for a Licensed Product in the Territory, and shall, in any event, provide such first Commercialization Plan to Ardelyx no later than six (6) months after the Filing of the first Drug Approval Application for a Licensed Product in the Territory.

ARTICLE 5.
INITIAL STUDIES AND IBS-C STUDY

5.1 The Initial Studies.

(a) The Parties shall cooperate in good faith to prepare as promptly as possible after the Effective Date all filings and other actions required by Applicable Laws to be made and taken in order to commence and conduct the Initial Studies. All such filings and actions shall be approved in advance by the DCC and be made and taken by or on behalf of AstraZeneca.

(b) Ardelyx undertakes to perform the Initial Studies on behalf of AstraZeneca. The Parties agree that AstraZeneca shall be the sponsor of the Initial Studies after the transfer of the INDs to AstraZeneca pursuant to Section 2.13, but shall delegate its obligations as a study sponsor (excluding such sponsor obligations as AstraZeneca may elect to retain) to Ardelyx as set forth more in detail in Exhibit H.

(c) The DCC shall establish a procedure under which Ardelyx shall obtain from the DCC prior approval of the Principal Investigators and study sites proposed to be used in connection with an Initial Study as well as of any contractual arrangements to be entered into with such sites and Principal Investigators for the purpose of the Initial Studies. In addition, Ardelyx shall seek and obtain prior approval from the DCC for the use of any contractors, including contract research organizations, it engages to perform Development activities on its behalf who are not named on Exhibit F.

(d) Ardelyx shall conduct each of the Initial Studies in compliance with Applicable Laws including GCP and in accordance with this Agreement, including the provisions set forth in Exhibit H, the Initial Development Plan, the relevant protocol (as prepared by Ardelyx in consultation with AstraZeneca and approved by the DCC), and the Investigator's Brochure, as each may be duly amended from time to time by the DCC. Ardelyx shall further (i) use Commercially Reasonable Efforts to Complete the Initial Studies in accordance with the Initial Development Plan, (ii) cause the relevant Principal Investigators, relevant study sites and any contractors involved in the performance of the Initial Studies to conduct the respective Initial Study in accordance with this Agreement, including the provisions set out in this Section 5.1 and Exhibit H, and (iii) be responsible for the provision of such GMP quantities of the Lead Licensed Product as are specified in the protocols for the Initial Studies or otherwise required for the conduct of the respective Initial Study and in compliance with its undertakings pursuant to Article 8. Ardelyx shall, and shall cause the relevant Principal Investigators, relevant study sites and any contractors involved in the performance of the Initial Studies to, comply with all safety reporting procedures set forth in the Safety Agreement in connection with its performance of the Initial Studies.

(e) The Parties shall use Commercially Reasonable Efforts to ensure that the first patient in the ESRD Study is enrolled as set forth in the Initial Development Plan as soon as reasonably practicable after the Effective Date, but in no event later than [***] after the Effective Date, and that the first patient in the CKD Study is enrolled as set forth in the Initial Development Plan, but no later than [***] after the Effective Date.

(f) For the avoidance of doubt, Ardelyx undertakes to perform or cause to be performed the Initial Studies according to this Agreement but makes no representations or warranties as to any particular outcome of the Initial Studies.

(g) Ardelyx and AstraZeneca shall take part in and collaborate to perform the review process of the draft Clinical Study report from each of the Initial Studies (to be coordinated by the JPT). Moreover, Ardelyx shall provide AstraZeneca with (i) access, upon AstraZeneca's request, to all raw data and individual datasets obtained in each of the Initial Studies as from such time when such data becomes available to Ardelyx; (ii) the study results – as outlined in the relevant Statistical Analysis Plan – from each of the Initial Studies within [***] after database lock of the respective Initial Study; and (iii) the relevant final report within [***] after database lock of the respective Initial Study. For the purpose of this Agreement "**Statistical Analysis Plan**" shall mean a document that is prepared for the purpose of a Clinical Trial, that is approved by the DCC and that pre-specifies the statistical analyses to be performed (statistical methods, endpoint definitions, analysis sets and principles for the handling of missing data) and how the results from the relevant Clinical Trial will be presented.

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5.2 AstraZeneca's Options upon Completion of Initial Studies.

(a) AstraZeneca may, at its sole discretion, at any time during the period [***] (the "**Notification Period**"), either

(i) terminate this Agreement in its entirety effective thirty (30) days after having provided written notice of termination to Ardelyx, which termination shall be an AZ Triggered Termination subject to the provisions of Section 14.3. Notwithstanding the termination of the Agreement under this Section 5.2(a)(i), or any other termination at will under Section 14.2(b) that occurs prior to AstraZeneca's notification to Ardelyx under subsection (ii) or (iii) below AstraZeneca shall remain obligated to reimburse Ardelyx for its Development Expenses incurred in connection with its performance of the IBS-C Study, whether incurred prior to or on or after the effective date of such termination, up to a maximum amount of [***]; or

(ii) notify Ardelyx in writing of AstraZeneca's intention to pursue the Development of a Licensed Product for one or more indication(s) that are not Constipation Related Disorder Indications (whether or not it also intends to pursue Development of a Licensed Product for a Constipation Related Disorder Indication), in which case AstraZeneca shall pay the amount set forth in Section 9.2(a), this Agreement shall remain in effect and AstraZeneca shall thus retain the rights and licenses granted to it hereunder; or

(iii) notify Ardelyx in writing that AstraZeneca, for the time being, wishes to pursue the Development of a Licensed Product only for a Constipation Related Disorder Indication, in which case AstraZeneca shall pay the amount set forth in Section 9.2(b)(i), this Agreement shall remain in effect and AstraZeneca shall thus retain the rights and licenses granted to it hereunder, meaning that AstraZeneca may at any time elect to initiate Development for one or more indication(s) that are not Constipation Related Disorder Indications. If AstraZeneca makes such election it shall notify Ardelyx in writing no later than ten (10) days after making such election, with such notice specifying the date upon which AstraZeneca made such election, and if such election is made prior to the expiration of the time period set forth in Section 9.2(b)(ii), then AstraZeneca shall pay also the amount set forth therein to Ardelyx within the time frame set forth in Section 9.2(b)(ii).

(b) If AstraZeneca fails to notify Ardelyx within the Notification Period as per subsection (i), (ii) or (iii) of Section 5.2(a), then this Agreement shall be deemed terminated by AstraZeneca in its entirety upon the expiry of the Notification Period, and the consequences set forth in subsection (i) of Section 5.2(a) shall apply. Furthermore and for the avoidance of doubt, if AstraZeneca makes the election set forth in Section 5.2(a)(ii) such that it will pursue indications for the Licensed Products that are not Constipation Related Disorder Indications, then Section 4.4 shall not be construed to require AstraZeneca to use Commercially Reasonable Efforts to pursue Development of Licensed Products for a Constipation Related Disorder Indication for so long as AstraZeneca pursues any indication that is not a Constipation Related Disorder Indication.

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5.3 The IBS-C Study.

(a) Ardelyx shall be the sponsor for and perform the IBS-C Study in compliance with Applicable Laws including GCP. The IBS-C Study will include a minimum of [***] with the Lead Licensed Product (subject to any extension which the DCC agrees should apply) and shall include at least one arm with [***].

(b) The Initial Development Plan shall allocate the responsibility for conducting the IBS-C Study and all Development activities related thereto to Ardelyx. Ardelyx shall use Commercially Reasonable Efforts to complete the IBS-C Study in accordance with the Initial Development Plan, subject to the provisions of Section 8.1(c). Ardelyx shall further comply, and cause all contract research organizations, Principal Investigators or other Third Parties engaged in the performance of the IBS-C Study to comply, with all safety reporting procedures set forth in the Safety Agreement connection with its performance of the IBS-C Study.

(c) Notwithstanding anything else set forth herein to the contrary, AstraZeneca's obligation to reimburse Ardelyx's Development Expenses related to the IBS-C Study under Section 4.3 shall be capped at a maximum of [***], which shall be reflected in the Development Budget.

(d) Ardelyx shall provide AstraZeneca with (i) drafts of all data obtained in the IBS-C Study upon Ardelyx's receipt thereof from a contract research organization or such time when such drafts otherwise become available to Ardelyx; (ii) the study results – as outlined in the relevant Statistical Analysis Plan – from the IBS-C Study within [***] after database lock of the IBS-C Study; (iii) a draft of the study report from the IBS-C Study upon Ardelyx's receipt of such draft from a contract research organization or such time when such draft otherwise becomes available to Ardelyx; and (iv) the relevant final report within [***] after database lock of the IBS-C Study.

ARTICLE 6.
CO-FUNDING OPTION

6.1 Co-Funding Option and Co-Funding Amount. Ardelyx has the right to elect to participate in the funding of the Phase 3 Clinical Trial Development of the first Licensed Product for the first indication for which such development is conducted, such funding to be provided by Ardelyx at one of the following funding levels: (i) twenty million U.S. dollars (U.S. $20 million); (ii) thirty million U.S. dollars (U.S. $30 million); or (iii) forty million U.S. dollars (U.S. $40 million) (the "**Co-Funding Option**"). Ardelyx may exercise this right by providing AstraZeneca with written notice of Ardelyx's exercise of the Co-Funding Option (the "**Co-Funding Exercise Notice**") within [***] after a decision by the DCC to proceed to Phase 3 Clinical Trial Development, and the Co-Funding Exercise Notice shall include the funding level (the "**Co-Funding Amount**") to which Ardelyx is committed together with a description of how Ardelyx will fund its commitment (e.g. by use of available cash reserves or

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through other means). Following Ardelyx's exercise of the Co-Funding Option, Ardelyx shall be irrevocably committed to fund the amount of the Phase 3 Clinical Trial Development set forth in the Co-Funding Exercise Notice delivered to AstraZeneca and shall, subject to Section 6.2, after having provided the Co-Funding Amount be entitled to an increase of royalty rates pursuant to Section 9.5(d) for sales of the relevant Licensed Product for all indications. If Ardelyx does not exercise the Co-Funding Option within the time frame set forth in this Section 6.1, the Co-Funding Option and Ardelyx's rights associated therewith shall terminate. Except as set forth in the last two sentences of this Section 6.1, the Co-Funding Option shall be exercisable [***] for which Phase 3 Clinical Trial Development is conducted. If AstraZeneca, prior to Completion of the Phase 3 Clinical Trial Development of the Licensed Product for the indication for which the Co-Funding Option has been exercised by Ardelyx, terminates such development, then Ardelyx shall have a [***] of a Licensed Product (regardless of whether such development is for a new indication for the first Licensed Product, or for a second Licensed Product). In such case, the provisions of this Article 6 shall apply to the [***] as they applied to [***] (meaning, among other things, that if Ardelyx wishes to exercise the [***] it shall provide AstraZeneca with a Co-Funding Exercise Notice within [***] after the decision by the DCC to initiate the next Phase 3 Clinical Trial Development, that Ardelyx shall specify in such notice the Co-Funding Amount, that Ardelyx shall be irrevocably obligated to fund such amount [***] and that the increase of royalty rates that Ardelyx shall be entitled to as a result of providing the Co-Funding Amount after having exercised the Co-Funding Option for the second time shall be those (and shall thus not exceed those) set forth in Section 9.5(d), subject to the provisions set forth therein and in Section 6.2).

6.2 Payment of Co-Funding Amount. As soon as reasonably practicable following AstraZeneca's receipt of the Co-Funding Exercise Notice, the Parties shall, by reference to the Development Plan approved by the DCC, determine the length of time during which the Phase 3 Clinical Trial Development is anticipated to be conducted and execute a written payment schedule for Ardelyx's payment of the Co-Funding Amount to AstraZeneca (the "**Payment Schedule**"), which Payment Schedule shall reflect the following. Ardelyx shall pay the Co-Funding Amount ratably without interest over the anticipated period of the Phase 3 Clinical Trial Development, on a quarterly basis within forty-five (45) days after the commencement of each Calendar Quarter during such period, and Ardelyx shall have the right to pay all or a portion of any quarterly payment in advance of the date it would otherwise be due. The first payment under the Payment Schedule shall be due within forty-five (45) days of the commencement of the first Calendar Quarter commencing after Ardelyx's delivery of the Co-Funding Exercise Notice. In the event that the Phase 3 Clinical Trial Development extends beyond the expected time as set forth in the Development Plan, Ardelyx shall have no further obligations to make payments after it has fully paid the Co-Funding Amount. If the Phase 3 Clinical Trial Development is Completed prior to Ardelyx's payment of the Co-Funding Amount in its entirety, Ardelyx's payment due in the first Calendar Quarter after such Completion shall cover all of the Co-Funding Amount not yet paid (i.e. be equal to the then unpaid portion of the Co-Funding Amount). If the Phase 3 Clinical Trial Development is terminated or paused prior to Completion, Ardelyx shall not be obligated to make any payment in the first Calendar Quarter

following such termination or pause, and Ardelyx shall not be obligated to make any additional payments of the Co-Funding Amount unless and until the Phase 3 Clinical Trial Development is recommenced. If Ardelyx fails to pay any portion of the Co-Funding Amount on the relevant due date set forth in the Payment Schedule and does not rectify such breach by paying the amount due within forty-five (45) days after AstraZeneca's written notice of such breach to Ardelyx, then Ardelyx shall not be entitled to any increase in royalty rates pursuant to Section 9.5(d) and any previous payments under the Payment Schedule will be non-refundable and non-creditable.

ARTICLE 7.
CO-PROMOTE AND SALES COLLABORATION COMMITTEE

7.1 Co-Promote Option.

(a) In addition to its other reporting obligations under this Agreement, AstraZeneca shall provide to Ardelyx a final report (a "**Phase 3 Clinical Study Report**") (i) from the first Phase 3 Clinical Trial Development for the first Licensed Product for the first indication for which such Phase 3 Clinical Trial Development is Completed and (ii) thereafter, if Ardelyx has exercised the Co-Promote Option as set forth below, from any Phase 3 Clinical Trial Development that is subsequently conducted for such Licensed Product for any additional indication and that is Completed within [***] after the date upon which the Phase 3 Clinical Trial Development described in subsection (i) above is completed. Each such Phase 3 Clinical Study Report shall be delivered within thirty (30) days after the date of Completion of the relevant Phase 3 Clinical Trial Development.

(b) Ardelyx shall have the option to elect to participate in the marketing and promotion of the Licensed Product (referred to in subsection (a) above) in the U.S. Territory, as set forth below in this Article 7 and subject to a separate Co-Promote Agreement to be executed pursuant to Section 7.8(b) (the "**Co-Promote Option**"). Ardelyx shall have the right to exercise the Co-Promote Option in respect of such Licensed Product for the first indication for which Phase 3 Clinical Trial Development has been Completed as described in subsection (a) above, by providing to AstraZeneca, within thirty (30) days after its receipt of the Phase 3 Clinical Study Report, a written notice of its election to do so. Ardelyx shall further, if it has exercised the Co-Promote Option for such first indication in a timely manner, have the right to exercise the Co-Promote Option for any additional indication of such Licensed Product in respect of which Phase 3 Clinical Trial Development has been Completed within [***] after the date of the Completion of Phase 3 Clinical Trial Development for the first indication, by providing to AstraZeneca a written notice of its election to do so within [***].

(c) "**Co-Promote Product**" shall mean a Licensed Product marketed and promoted in the U.S. Territory for the indication(s) for which Ardelyx has duly exercised the Co-Promote Option.

(d) If Ardelyx does not exercise the Co-Promote Option within the prescribed time for the first indication of a particular Licensed Product, then the Co-Promote Option shall automatically terminate (including, with respect to all subsequent indications of the Licensed Product) and Ardelyx shall not have any further rights under this Article 7.

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7.2 Sales Collaboration Committee Overview. Ardelyx and AstraZeneca shall create, within twenty (20) days after AstraZeneca's receipt of Ardelyx's written notice of its exercise of the Co-Promote Option pursuant to Section 7.1(b), a Sales Collaboration Committee. The SCC shall remain in effect throughout the Term unless and until [***]. The SCC shall serve as a forum for discussing and sharing Information and Materials; discussing strategy regarding the Commercialization of the Co-Promote Product in the U.S. Territory; and discussing the allocation of Commercialization activities to be conducted by Ardelyx and AstraZeneca, all in accordance with the Co-Promote Agreement and the provisions set forth below in this Article 7.

7.3 Composition of SCC. [***] The SCC shall be chaired by a representative of [***]. The chairperson shall be responsible for calling meetings, setting the agenda, circulating – where reasonably possible given the urgency of the matter at hand – the agenda at least ten (10) days prior to each meeting and distributing minutes of the meetings within thirty (30) days following such meetings (provided that the chairperson may elect to delegate the performance of such responsibilities to other members of the DCC from time to time). Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate Information and Materials at least twenty (20) Business Days in advance of each meeting of the SCC (or otherwise as early as possible in advance of such meeting). The chairperson shall not unreasonably reject any proposed agenda items. The chairperson shall coordinate with the Parties to schedule SCC meetings at least six (6) months in advance or on shorter notice where reasonably required (as may be determined by the chairperson). The members of the SCC shall have substantial experience in pharmaceutical sales and marketing. From time to time, the SCC may invite non-voting personnel of the Parties having commercial, marketing and other expertise to participate in discussions of the SCC. An alternate voting member designated by a Party may serve temporarily in the absence of a permanent voting member designated by such Party, and either Party may also designate one or more non-voting consultants to such Party, who are under written obligations of confidentiality to such Party, as SCC observers who may attend the SCC meetings in an observational capacity only.

7.4 Responsibilities of the SCC. The SCC's responsibilities will include, (i) reviewing the overall plans for Commercialization ("**US Commercialization Plans**") and launch of the Co-Promote Product ("**US Launch Plans**") in the U.S. Territory and reviewing plans for trademark selection for the Co-Promote Product in the U.S. Territory, such plans to be prepared and approved by AstraZeneca (approvals to be provided or withheld by AstraZeneca at its sole discretion), (ii) receiving and providing to the Parties all sales, pricing, and financial reports pertaining to Pre-Approval Activities and Commercialization of the Co-Promote Product in the U.S. Territory, (iii) facilitating the flow of Information and Materials with respect to the Commercialization of the Co-Promote Product in the U.S. Territory, (iv) performing quarterly reviews of the progress of Launch and Commercialization activities in the U.S. Territory with respect to the Co-Promote Product, and (v) coordinating the efforts of the Parties in connection with Commercialization of the Co-Promote Product in the U.S. Territory. AstraZeneca shall use

Commercially Reasonable Efforts to provide the first draft of the US Commercialization Plan and the US Launch Plan as soon as reasonably practicable following the Filing of the first Drug Approval Application for a Licensed Product in the Territory, and shall, in any event, provide such first plan to Ardelyx no later than six (6) months after the Filing of the first Drug Approval Application for a Licensed Product in the Territory.

7.5 Meetings of the SCC. The SCC shall hold meetings at such times and places as shall be determined by a majority of the entire membership of the committee, but in no event shall such meetings be held less frequently than once every [***]. Meetings of the SCC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the SCC, or may be held via internet telephonically or by video conference; provided that at least two (2) meetings per year shall be held in person. Meetings of the SCC will be effective only if at least [***] of each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred by its employees, consultants and its members of the SCC attending or otherwise participating in SCC meetings.

7.6 SCC Decision Making. The SCC shall [***].

7.7 Ardelyx Membership. Ardelyx's membership in the SCC shall be at its sole discretion, as a matter of right and not obligation, for the sole purpose of performing activities within the remit of the SCC. Ardelyx shall have the right to withdraw from membership in the SCC upon thirty (30) days' written notice to AstraZeneca, which notice shall be effective upon the expiration of such thirty (30) day period. Such withdrawal shall not, however, relieve Ardelyx of any of its obligations under this Agreement (apart from the obligation to participate at SCC meetings). Upon the effective date of Ardelyx's withdrawal pursuant to the above, (i) Ardelyx's membership in such committee shall be terminated, and (ii) Ardelyx shall have the right to continue to receive the Information and Materials it would otherwise be entitled to receive under this Agreement. If, at any time, following the issuance of a notice of withdrawal pursuant to the above, Ardelyx wishes to resume participation in the SCC, it shall notify AstraZeneca thereof in writing and, as from the thirtieth (30th) day thereafter, Ardelyx representatives to the SCC shall be entitled to attend any subsequent meeting of the SCC and to participate in the activities and decision-making by the SCC as provided in Section 7.6 as if such withdrawal notice had not been issued by Ardelyx pursuant to this Section 7.7.

7.8 Co-Promote Activities in the U.S. Territory.

(a) If Ardelyx has duly exercised the Co-Promote Option as per Section 7.1, Ardelyx shall be entitled and obligated to carry out those promotional tasks within the U.S. Territory in respect of the Co-Promote Product (for which Regulatory Approval has been obtained in the U.S. Territory) that will be allocated to it in accordance with in this Article 7 and subject to relevant US Launch Plans, US Commercialization Plans and the Co-Promote Agreement. Ardelyx's

participation in the promotional activities in the U.S. Territory following its exercise of the Co-Promote Option (i) shall, unless to the extent otherwise explicitly agreed by the Parties in writing, [***] with respect to the relevant Co-Promote Product in the U.S. Territory as set forth in the US Commercialization Plan and the US Launch Plan prepared by AstraZeneca.

(b) Within thirty (30) days after its first exercise of the Co-Promote Option as per Section 7.1, Ardelyx shall provide to the SCC a proposal ("**Promotion Proposal**") describing the Detail commitments and Other Promotional Activities proposed to be undertaken by Ardelyx in connection with the Commercialization of the Co-Promote Product in the U.S. Territory. Such Promotion Proposal shall include, among other things, (i) the level of, and target audience, for the Detailing to be performed by Ardelyx in the U.S. Territory, which may, at Ardelyx's election, be [***] limit set forth in subsection (a) above, and (ii) any Pre-Approval Activities and Other Promotional Activities that Ardelyx proposes to conduct in the U.S. Territory (it being agreed, however, that AstraZeneca may at its discretion select which of such activities Ardelyx may conduct, if any). The Promotion Proposal shall be considered and discussed by the SCC. Based on such discussions, Ardelyx and AstraZeneca (or, at AstraZeneca's option, one of AstraZeneca's Affiliates) shall negotiate in good faith to execute as promptly as possible a separate agreement (the "**Co-Promote Agreement**") that shall regulate the detailed activities and responsibilities of Ardelyx in respect of the marketing and promotion of the Co-Promote Product in the U.S. Territory. The Co-Promote Agreement shall (i) in all material respect conform with the terms and conditions outlined in Exhibit I, (ii) specify a per Detail fee ("**Detail Rate**") reflecting the fair market value of similar Detail services performed by Third Parties, and an appropriate FTE rate (the "**Promotion FTE Rate**") for Other Promotional Activities and Pre-Approval Activities to be performed by Ardelyx (if any) and (iii) otherwise contain such additional reasonable terms and conditions as the Parties deem appropriate.

(c) With respect to Co-Promotion in the U.S. Territory, at any time during the term of this Agreement, Ardelyx may make a one-time, irrevocable election to terminate its efforts with respect to its participation in the promotion of the Co-Promote Products in the U.S. Territory upon [***] prior written notice, in which case all such activities shall be conducted, as between the Parties, solely by AstraZeneca, its Affiliates, Sublicensees or contractors (excluding Ardelyx) upon expiration of such notice period.

ARTICLE 8.
MANUFACTURE AND SUPPLY

8.1 Initial Supply.

(a) Ardelyx will initially be responsible for supplying Lead Licensed Compound and Lead Licensed Products for use in the Development under this Agreement until such time as AstraZeneca assumes responsibility for such supply hereunder (the "**Initial Supply**"). The Initial Supply shall include, unless otherwise determined by the DCC, those quantities of Lead Licensed Product and Lead Licensed Compound and those activities described on Exhibit J. Ardelyx agrees to use Commercially Reasonable Efforts to deliver the Initial Supply and perform

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the activities set forth in Exhibit J in such a manner and within such timelines as are required under the Initial Development Plan. For the purposes of the Initial Supply, Ardelyx will source the Lead Licensed Compounds and Lead Licensed Products from its current suppliers identified on Exhibit F, unless other suppliers are approved by the DCC.

(b) The Parties agree and acknowledge that a separate manufacturing and supply agreement ("**MSA**") is required to be entered into between the Parties to further govern the supply obligations undertaken by Ardelyx hereunder. The Parties shall also enter into a separate Quality Assurance Agreement ("**QAA**") that shall define the manufacturing and supply quality responsibilities of the Parties for the Lead Licensed Compound and the Lead Licensed Product. The QAA shall further include provisions obligating Ardelyx to report to AstraZeneca any regulatory compliance issues with its suppliers as well as any critical quality non-conformances relating to the Lead Licensed Compound or Lead Licensed Product. The MSA and the QAA shall be negotiated in good faith between the Parties and be executed as promptly as possible following the Effective Date. The Parties' objective is that the MSA and the QAA shall be entered into as soon as reasonably practicable and within sixty (60) days of the Effective Date and shall include, amongst other appropriate and detailed provisions, the provisions set out in Exhibit K.

(c) The Transfer Price for any Licensed Products or Licensed Compounds supplied by Ardelyx will be a Development Expense, and will be reimbursed by AstraZeneca in compliance with the provisions of Section 4.3, regardless of whether AstraZeneca or Ardelyx has been assigned the responsibility for the Development activities in which the Licensed Products supplied by Ardelyx will be used. Subject to Section 8.2, AstraZeneca shall use Commercially Reasonable Efforts to assume responsibility for the supply of all Licensed Compounds and Licensed Products for use in the Development and Commercialization of Licensed Products beginning with the supplies of drug substance necessary to conduct Phase 3 Clinical Trials of the Licensed Product as well as the supply of drug product necessary to conduct the Phase 2b Clinical Trials for the Licensed Product (other than for the IBS-C Study) and continuing thereafter for the remainder of the Term; provided, however, that AstraZeneca may, by written notice to Ardelyx, elect to assume responsibility for Development work associated with the Manufacture of the Licensed Product or Licensed Compound at any earlier time after the Effective Date. In such case, the timing of the transition of such activities, and the impact of the transition of such Development work on the supply of Licensed Product or Licensed Compound for Clinical Trials, shall be determined by the DCC, taking into account, among other things, the contractual obligations that Ardelyx may have to its current suppliers. Notwithstanding the foregoing, Ardelyx will supply Lead Licensed Compound and Lead Licensed Product for use in the IBS-C Study to be conducted pursuant to Section 5.3 through its current supplier identified on Exhibit J and the cost thereof shall be reimbursed to Ardelyx as part of the calculation of Development Expenses at a price equal to the Transfer Price, provided, however, that AstraZeneca's obligation to contribute to the funding of the IBS-C Study shall not in total exceed [***], regardless of when such IBS-C Study is commenced during the Term, and provided, further, that in the event of shortage of supply of Lead Licensed Product or Lead Licensed Compound for whatever reason, the supply for the IBS-C Study shall not be allowed to cause a disruption or delay of, or unreasonable increase of the costs for, a Clinical Trial planned to be conducted for an indication other than the IBS-C Indication, meaning that in such event available quantities of Lead Licensed Product or Lead Licensed Compound shall first be allocated to planned Clinical Trials for the other indications before remaining quantities are used for the IBS-C Study.

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8.2 Material Transfer. The DCC shall coordinate the transfer of all Information and Materials Controlled by Ardelyx that are necessary or useful to Manufacture Licensed Compounds and Licensed Products. Such transfer shall take place in a manner and at such time as not to disrupt the manufacture and delivery of the Initial Supplies in satisfaction of the obligations set forth in Section 8.1(a) and Exhibit J. At such time as is determined by the DCC, Ardelyx shall, and shall cause its manufacturing contractors [***], provide to AstraZeneca or its designee, all reasonable assistance, including the right to observe the Manufacturing at a facility of Ardelyx's manufacturing contractors, and transfer all Information and Materials Controlled by Ardelyx, that are necessary or useful to Manufacture the Licensed Compounds and the Licensed Products, including without limitation all production and quality control Specifications and process and manufacturing technology, for the purpose of allowing AstraZeneca or its designee to develop and establish such Manufacturing. AstraZeneca shall have the right to disclose all such information to Third Parties for purposes of allowing AstraZeneca to assess the feasibility of such Third Parties Manufacturing the Licensed Compounds and the Licensed Products and to allow such Manufacturing. The Parties shall cooperate to obtain all necessary assurances and cooperation from any Third Party contract manufacturers of Licensed Compounds or Licensed Products with respect to the foregoing material transfer activities. Ardelyx covenants to AstraZeneca that any Third Party agreements under which Ardelyx engages such Third Party to Manufacture Licensed Compounds or Licensed Products contain provisions regarding the allocation of Intellectual Property Rights and rights in work product that are consistent with the terms of this Agreement and will enable Ardelyx to fulfill its obligations to AstraZeneca under this Article 8.

8.3 Process and Formulation Development; Manufacturing Approvals. Subject to Ardelyx's fulfilling its obligations under Section 8.2, AstraZeneca will, subject to the conditions and within the limitations set forth in Section 4.4, use Commercially Reasonable Efforts to develop a commercial process for the manufacture of Licensed Compounds and Licensed Products and to scale up that process to manufacture and supply the Licensed Products in such volumes as reasonably take into account the anticipated demand for the Licensed Products throughout the Territory. AstraZeneca will, subject to the conditions and within the limitations set forth in Section 4.4, use Commercially Reasonable Efforts to make necessary filings to obtain, or to cause a Third-Party manufacturer of Licensed Compounds or Licensed Products to make necessary filings to obtain, Regulatory Approval for the manufacture of Licensed Compounds and Licensed Products as part of the approval of a Drug Approval Application for the Licensed Product in each Major Market.

8.4 Manufacturing after Certain Terminations. If, after such time as when AstraZeneca has assumed responsibility for the Manufacture of Licensed Compounds and Licensed Products, this Agreement is terminated, for any reason, AstraZeneca shall as soon as reasonably practicable provide to Ardelyx, if Ardelyx so requests, all Information and Materials Controlled by AstraZeneca and relating specifically to the Licensed Compound or the Licensed Product, including without limitation development and manufacturing reports and provide copies of regulatory filings sufficient to enable Ardelyx to produce and supply Ardelyx's requirements of all Licensed Compound and Licensed Products as promptly as possible thereafter. At

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Ardelyx's election, in addition to its obligation set forth in Section 14.3(h) to seek to assign to Ardelyx Third Party agreements with respect to the Manufacture of Licensed Compound and Licensed Product, AstraZeneca shall transfer to Ardelyx any inventory of Licensed Compound or Licensed Product that AstraZeneca has in its possession or Control as of the effective date of such foregoing termination (except for such quantities as AstraZeneca may need to retain for reference purposes), and Ardelyx shall in consideration thereof pay to AstraZeneca the Transfer Price for such inventory. Moreover, in the event of termination of this Agreement, AstraZeneca shall complete any batches of Licensed Compound (in bulk form) that AstraZeneca may have started to manufacture as of the effective date of such termination and shall thereafter transfer such manufactured batches to Ardelyx, and Ardelyx shall in consideration thereof pay to AstraZeneca the Transfer Price for such batches. In the event that AstraZeneca is Manufacturing commercial supplies of Licensed Compound or Licensed Product as of the effective date of the termination, at Ardelyx's request, (i) [***], and (ii) AstraZeneca shall provide Ardelyx with a right of reference to any regulatory filings made by AstraZeneca as the commercial manufacturer of Licensed Compound or Licensed Product. At all times, AstraZeneca shall provide reasonable assistance to Ardelyx with respect to the transfer of Information and Materials so as to permit Ardelyx to begin manufacturing and supplying its requirements of Licensed Compound and Licensed Product as soon as possible to minimize any disruption in the continuity of supply. AstraZeneca covenants to Ardelyx that any Third Party agreements under which AstraZeneca engages such Third Party to manufacture Licensed Compounds or Licensed Products shall contain provisions regarding the allocation of Intellectual Property Rights and rights in work product that are consistent with the terms of this Agreement and will enable AstraZeneca to fulfill its obligations to Ardelyx under this Section 8.4.

8.5 Other Supply. AstraZeneca shall not supply Licensed Compound or Licensed Products to any Third Party for any Third Party use, other than to perform Exploitation activities in compliance with this Agreement. In addition, AstraZeneca shall not license any Third Party (other than a Sublicensee or other sublicensee consistent with the terms and conditions of this Agreement) to make or have made Licensed Compounds or Licensed Products, except to carry out the provisions of this Article 8.

ARTICLE 9.
CONSIDERATION

9.1 Upfront. As partial payment for the rights and licenses granted to AstraZeneca by Ardelyx under this Agreement, AstraZeneca shall pay to Ardelyx a nonrefundable one-time upfront payment of thirty five million U.S. dollars (U.S. $35,000,000) within ten (10) Business Days after the Effective Date against an invoice received by AstraZeneca from Ardelyx fulfilling the requirements set forth in Section 9.12, which invoice may be sent on or after the Effective Date. The upfront payment shall not be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under this Agreement.

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9.2 Additional Payments.

(a) In the event that AstraZeneca, within the Notification Period, [***] AstraZeneca shall pay to Ardelyx a nonrefundable one-time amount of [***] within [***] after having received an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such notification. The payment pursuant to this Section 9.2(a) shall not be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under this Agreement.

(b) In the event that AstraZeneca, within the Notification Period, [***] then:

(i) AstraZeneca shall pay to Ardelyx a nonrefundable one-time amount of [***] within [***] after having received an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such notification; and

(ii) if AstraZeneca, within a period of [***] after the end of the Notification Period, elects to initiate Development of a Licensed Product for one or more indication(s) that are not Constipation Related Disorder Indications, as described in Section 5.2(a)(iii), AstraZeneca shall notify Ardelyx thereof in writing and pay to Ardelyx an additional nonrefundable one-time amount of [***], such payment to be made within [***] after having received an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such notification.

No payments pursuant to this Section 9.2(b) shall be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under this Agreement.

9.3 Milestone Payments.

(a) AstraZeneca shall make the following one-time, nonrefundable milestone payments to Ardelyx within [***] after receipt of an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following the first achievement of each of the following milestone events for a Licensed Product, subject to the limitations and additional provisions set forth below in this Section 9.3:

Milestone Event for a Licensed Product		Milestone Number	Milestone Payment
I. Dosing of the first patient in the first Phase 2b Clinical Trial:	For any indication other than a Constipation Related Disorder Indication	01	U.S. $25,000,000
	[***]	02	[***]
II. Dosing of the first patient in the first Phase 3 Clinical Trial:	For any indication	03	U.S. $50,000,000
	[***]	[***]	[***]
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]
	[***]	[***]	[***]

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(b) With respect to the milestones set forth in Section 9.3(a), it is the intention of the Parties that each preceding milestone will be earned before the subsequent milestone is earned, and that no milestones shall be skipped. For example if AstraZeneca elects to proceed with Phase 3 Clinical Development of a Licensed Product for an indication without commencing a Phase 2b Clinical Trial for such indication, and such indication is not a Constipation Related Disorder Indication, then at the time the milestone associated with the dosing of the first patient in the first Phase 3 Clinical Trial for such indication is earned, the preceding milestone associated with the dosing of the first patient in the first Phase 2b Clinical Trial for such indication shall also be earned upon dosing of the first patient in the first Phase 3 Clinical Trial.

(c) Each of the milestones set forth in Section 9.3(a) is eligible to be earned individually. By way of example, [***], AstraZeneca shall pay U.S. $50 million upon the first dosing of the first patient in the Phase 3 Clinical Trial for ESRD (milestone number 03 as per the above table), [***].

(d) Notwithstanding anything else set forth herein, none of the milestone payments set forth in Section 9.3(a) (i.e. none of milestones number 01 through 23) shall be payable more than once irrespective of the number of Licensed Products or indications that have achieved the relevant milestone events set forth in Section 9.3(a), or the number of countries or Major Markets in which such milestone events have been achieved.

(e) No payments pursuant to Section 9.3(a) shall be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under this Agreement.

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9.4 Sales Related Milestones.

(a) AstraZeneca shall make the following one-time, nonrefundable milestone payments to Ardelyx within forty-five (45) days after receipt of an invoice from Ardelyx following the first achievement of each of the following milestones, subject to the limitations and additional provisions set forth below in this Section 9.4:

Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) In the event that more than one of the sales milestones set forth in Section 9.4(a) are achieved in the same Calendar Year, the payment associated with each sales milestone achieved in such Calendar Year shall be due and payable [***] after AstraZeneca's receipt of an invoice from Ardelyx following the end of such Calendar Year.

(c) Notwithstanding anything else set forth herein, no milestone payment pursuant to Section 9.4(a) will be made more than once.

(d) No payments pursuant to Section 9.4(a) shall be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under this Agreement.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

9.5 Royalties.

(a) Subject to the provisions set forth below in Sections 9.5(b) through 9.5(j), Section 9.6 and Section 9.7, AstraZeneca shall pay to Ardelyx, with respect to each Licensed Product, an incremental royalty on aggregate Annual Net Sales of each such Licensed Product made by AstraZeneca, its Affiliates, or its Sublicensees as follows:

Portion of aggregate Annual Net Sales of relevant Licensed Product	Royalty Rate
>U.S. $[***] and ≤ U.S. $[***]	[***]
>U.S. $[***] and ≤ U.S. $[***]	[***]
>U.S. $[***] and ≤ U.S. $[***]	[***]
>U.S. $[***] and above	[***]

(b) The calculation of royalties under this Section 9.5 shall be conducted separately for each Licensed Product. Thus, if AstraZeneca sells more than one Licensed Product in the Territory, the thresholds and ceilings in section 9.5(a) shall apply separately to each Licensed Product.

(c) Sales between AstraZeneca, its Affiliates and Sublicensees shall not be subject to royalties hereunder. Royalties shall be calculated on AstraZeneca's, its Affiliates' and Sublicensees' sales of the Licensed Products to a Third Party, including Distributors (but excluding for the avoidance of doubt Sublicensees). Royalties shall be payable only once for any given batch of the Licensed Products. For the purpose of determining Net Sales, the Licensed Product shall be deemed to be sold when invoiced and a "sale" shall not include, and no royalties shall be payable on, transfers by AstraZeneca, its Affiliates or Sublicensees of free samples of Licensed Product or clinical trial materials, or other transfers or dispositions for charitable, promotional, pre-clinical, clinical, manufacturing, testing or qualification, regulatory or governmental purposes.

(d) In the event that Ardelyx exercises the Co-Funding Option, the royalty rates set forth in Section 9.5(a) above shall, when the relevant Co-Funding Amount has been paid to AstraZeneca in its entirety by Ardelyx (failing which, no such increase shall apply), be increased by the number of percentage points set forth in the chart below, such increase to apply only to the royalties payable on Net Sales of the Licensed Product for which the Co-Funding Option was exercised. The increase shall apply to the royalties payable on Net Sales of such Licensed Product for all indications for which the relevant Licensed Product is sold. The increase shall be determined based upon the Co-Funding Amount committed and paid by Ardelyx for the relevant Licensed Product, as set forth below:

Co-Funding Amount	Percentage Point Increase in Royalty Rate
U.S. $20,000,000	1%
U.S. $30,000,000	2%
U.S. $40,000,000	3%

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(e) If, at any time, in any particular country in the Territory, a given Licensed Product [***], then, the royalties that would otherwise have been payable on Net Sales of such Licensed Product in such country under this Agreement shall be reduced by [***] as from the first Calendar Quarter in which this Section 9.5(e) applies, and thereafter for so long as this Section 9.5(e) applies in such particular country. The calculation of the royalty reduction under this Section 9.5(e) shall be conducted separately for each Licensed Product in each country.

(f) If, at any time, in any particular country in the Territory, (i) a Generic Product receives Regulatory Approval in such country and (ii) [***] decrease by more than [***] compared to the Calendar Quarter immediately preceding the first Calendar Quarter in which the Generic Product is sold, then, the royalties that would otherwise have been payable on Net Sales of such Licensed Product in such country under this Agreement shall be reduced by [***] as from the first Calendar Quarter in which this Section 9.5(f) applies and thereafter for so long as [***] in the Calendar Quarter immediately preceding the first Calendar Quarter in which the Generic Product is sold. The calculation of the royalty reduction under this Section 9.5(f) shall be conducted separately for each Licensed Product in each country.

(g) If, at any time, in any particular country in the Territory, a court or a governmental agency of competent jurisdiction requires AstraZeneca or its Affiliate or Sublicensee to grant a compulsory license to a Third Party permitting such Third Party to make and sell a Licensed Product in one or more countries in the Territory (a "**Compulsory License**"), and the royalty rate for royalties payable to AstraZeneca, its Affiliate or Sublicensee on Net Sales (which term for the purpose of this Section 9.5(g) shall apply *mutatis mutandis* to sales by such grantee) of Licensed Products by or on behalf of such grantee of the Compulsory License is less than the royalty rate for royalties on Net Sales due to Ardelyx pursuant to this Section 9.5 in such country, then the royalty rate applicable to Net Sales for royalties due to Ardelyx in such country shall be reduced to [***]. If AstraZeneca or its Affiliate receives any compensation (other than royalty payments) for the Compulsory License from the grantee of the Compulsory License, then [***] (but such compensation shall otherwise be disregarded for the purpose of calculating royalties due to Ardelyx hereunder, including for purposes of applying thresholds and ceilings). If AstraZeneca, its Affiliates or Sublicensees learn that a Third Party is seeking a Compulsory License in any country in the Territory, AstraZeneca shall use Commercially Reasonable Efforts to oppose the granting of such Compulsory License. The royalty rate reduction set forth herein shall be effective as from the first Calendar Quarter in which this Section 9.5(g) applies and thereafter for so long as this Section 9.5(g) applies. The calculation of the royalty rate reduction under this Section 9.5(g) shall be conducted separately for each Licensed Product in each country.

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(h) Any reductions set forth in Sections 9.5(e), 9.5(f), 9.5(g) and 9.5(j) shall be applied in the order in which the event triggering such reduction occurs, provided that in no event shall, due to the cumulative reductions set out in Sections 9.5(e), 9.5(f), 9.5(g) and 9.5(j), the royalties that would otherwise have been payable to Ardelyx under this Section 9.5 in a particular Calendar Quarter be reduced by more than [***] of that which would be due pursuant to Section 9.5(a), as modified by Section 9.5(d) if applicable. Credits not exhausted in any Calendar Quarter may however be carried into future Calendar Quarters, subject to the foregoing sentence.

(i) AstraZeneca's obligation to pay royalties due under this Section 9.5 shall commence on a country-by-country basis, with respect to each separate Licensed Product, on the date of the First Commercial Sale of such Licensed Product in such country and shall expire, on a country-by-country basis, with respect to such Licensed Product, at the latest of: (i) the [***] of the First Commercial Sale of such Licensed Product in such country (or, in the case of [***] of such Licensed Product in [***]), and (ii) the date on which there is no longer a Valid Claim covering the sale of such Licensed Product in such country. At such time as AstraZeneca's obligation to pay royalties under this Section 9.5 have terminated in a country, the license granted to AstraZeneca under Section 2.1 shall automatically, and without further action on the part of Ardelyx or AstraZeneca, become non-exclusive, fully-paid, irrevocable and perpetual with respect to such country and the Net Sales of such Licensed Product in such country shall be excluded from royalty calculations under this Section 9.5 (including for purposes of applying thresholds and ceilings).

(j) If (i) AstraZeneca, in its reasonable judgment, determines that it is required to obtain a license from any Third Party in order to avoid infringement of such Third Party's Patent, (ii) such Patent covers or claims the composition, use, or method of manufacturing, or method of treatment, of a Licensed Compound in order to import, manufacture, use, or sell any Licensed Product, (iii) AstraZeneca does not have any other commercially reasonable alternatives available to avoid such infringement, and (iv) AstraZeneca is required to pay to such Third Party a royalty, milestone payments or other monetary compensation in consideration for the grant of such license ("**Third Party Compensation**"), then for the period during which AstraZeneca owes royalties to Ardelyx hereunder, the amounts that would otherwise have been payable as royalties to Ardelyx under this Agreement shall be reduced by [***].

9.6 Combination Products. In the event Ardelyx is entitled to receive royalties under this Agreement from any Licensed Product sold in the form of a Combination Product in any given country, then Net Sales for such Combination Product will be calculated by multiplying the actual Net Sales of such Combination Product in such country by the fraction A/(A+B), where A is the standard sales price in such country of a Licensed Product, containing the same amount of Licensed Compound as the sole active ingredient as the Combination Product in question (a "**Comparable Licensed Product**"), if sold separately, and B is the standard sales price in the given country of the ready for sale form of a product containing the same amount of the other therapeutically active ingredient(s) in the Combination Product that are not Licensed Compounds (the "**Other Ingredients**"), if sold separately. If, on a country-by-country basis, the Other Ingredients are not sold separately in a country, Net Sales in such

country for the purpose of determining royalties of the Combination Product shall be calculated by multiplying actual Net Sales of such Combination Product in such country by the fraction A/C where A is the standard sales price in such country of a Comparable Licensed Product, if sold separately, and C is the standard sales price of the Combination Product in such country. If, on a country-by-country basis, a Comparable Licensed Product is not sold separately, Net Sales in such country for the purpose of determining royalties of the Combination Product shall be calculated by multiplying actual Net Sales of such Combination Product by the fraction (C-B)/C, where B is the standard sales price in such country of the Other Ingredients and C is the standard sales price in such country of the Combination Product. For the purpose of the above, the standard sales price for a Comparable Licensed Product and for each Other Ingredient shall be for a quantity comparable to that used in the Combination Product in question and of the same class, purity and potency. If, on a country-by-country basis, neither a Comparable Licensed Product nor the Other Ingredients are sold separately in a country, Net Sales in such country for the purposes of determining royalties of such Combination Product shall be determined by the Parties on the basis of a fair market value of such Comparable Licensed Product and Other Ingredient to be negotiated by the Parties in good faith, taking into account costs, overheads and profit of the relevant Licensed Compound(s), the Other Ingredients and the Combination Product. For purposes of the calculations set forth in this Section 9.6, prior to the First Commercial Sale of a Combination Product, the DCC (or the SCC, as applicable) shall discuss the calculations set forth herein, including the standard sale prices to be used in such calculation.

9.7 Separate Licensed Product. Notwithstanding anything else set forth in this Agreement to the contrary, the milestones and royalties in this Article 9 shall not apply to development or commercialization of a Licensed Product for diagnostic, veterinary or any other use other than as a therapeutic pharmaceutical product in humans (a "**Separate Licensed Product**"). If AstraZeneca develops a Separate Licensed Product, AstraZeneca shall pay to Ardelyx such separate milestones and royalties for the development, commercialization or sale of such Separate Licensed Product as are commercially reasonable taking into account each Party's respective investment to date in the Separate Licensed Product, the commercial potential of such product, the future cost of developing and commercializing such product, the then current stage of development and the probability of successfully launching such product. In the event that AstraZeneca decides to initiate development of a Separate Licensed Product, AstraZeneca shall notify Ardelyx thereof in writing and the Parties shall thereafter negotiate in good faith within a period of [***] from such notice to agree on such separate milestones and royalties. A failure by the Parties to reach such agreement shall not preclude AstraZeneca from developing or commercializing a Separate Licensed Product or from otherwise exercising the rights and licenses granted to it by Ardelyx under this Agreement. However, in the event of a failure by the Parties to reach such agreement within the aforementioned [***] period or any extension of such period mutually agreed by the Parties or otherwise in the event of a dispute as to the separate milestones and royalties for a Separate Licensed Product, each Party shall be entitled to escalate the matter in accordance with Section 16.1 and, if applicable, to refer the matter to arbitration in accordance with Section 16.2(b).

9.8 Sales by Sublicensees. In the event AstraZeneca grants sublicenses to one or more Sublicensees to make or sell Licensed Products to the extent permitted hereunder, such sublicenses shall include without limitation an obligation for the Sublicensee to account for and

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report its Net Sales of such Licensed Products on the same basis as if such sales were Net Sales by AstraZeneca, and AstraZeneca shall pay royalties to Ardelyx as if the Net Sales of the Sublicensee were Net Sales of AstraZeneca.

9.9 Royalty Payments and Reports. The royalties payable under Section 9.5 shall be calculated quarterly as of the last day of March, June, September and December respectively for the Calendar Quarter ending on that date. AstraZeneca shall deliver to Ardelyx a report summarizing the Net Sales of Licensed Products during each Calendar Quarter following the First Commercial Sale of a Licensed Product in the Territory. Such report shall be delivered within [***] following the end of each Calendar Quarter for which royalties are due from AstraZeneca. Any royalties payable to Ardelyx or its designee under this Agreement shall be paid [***] in the foregoing sentence of this Section 9.9.

9.10 Taxes.

(a) The royalties, milestones and other amounts payable by AstraZeneca to Ardelyx pursuant to this Agreement ("**Payments**") shall not be reduced on account of Taxes unless required by Applicable Laws. AstraZeneca shall deduct or withhold from the Payments any Taxes that it is required by Applicable Laws to deduct or withhold. Notwithstanding the foregoing, if Ardelyx is entitled (whether under any applicable tax treaty or otherwise under Applicable Laws) to a reduction in the rate of, or the elimination of, withholding Tax, it may deliver to AstraZeneca or the appropriate governmental authority (with the assistance of AstraZeneca to the extent that this is reasonably required and is expressly requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve AstraZeneca of its obligation to withhold Tax, and AstraZeneca shall apply the reduced rate of withholding, or dispense with withholding, as the case may be, provided that AstraZeneca has received evidence, in a form reasonably satisfactory to AstraZeneca, of Ardelyx's delivery of all applicable forms (and, if necessary, its receipt of appropriate governmental authorization) at least five (5) Business Days prior to the time that the Payments are due, provided, however, that if Ardelyx determines that it needs additional time to obtain such forms or authorization, Ardelyx may elect, by written notice to AstraZeneca, to delay the payment date for any applicable Payment in order to obtain such forms or governmental authorization. Any such delay in accordance with such notice shall not be considered a breach of this Agreement by AstraZeneca. If, in accordance with the foregoing, AstraZeneca withholds any Tax, it shall make timely payment to the proper Tax Authority of the withheld Tax, in accordance with Applicable Laws, and send to Ardelyx proof of such payment as soon as reasonably practicable following that payment. AstraZeneca agrees to take reasonable and lawful efforts to minimize such Taxes to Ardelyx. AstraZeneca shall cooperate with Ardelyx as reasonably requested in any claim for refund or application to any Tax Authority. If AstraZeneca intends to withhold Tax from any Payment, AstraZeneca shall inform Ardelyx reasonably in advance of making such Payment to permit Ardelyx an opportunity to provide any forms or information or obtain any Tax Authority approval as may be available to reduce or eliminate such withholding.

(b) Notwithstanding anything to the contrary contained in this Section 9.10 or elsewhere in this Agreement, the following shall apply with respect to Indirect Taxes. All Payments are exclusive of Indirect Taxes. If any Indirect Taxes are chargeable in respect of any Payments, AstraZeneca shall pay such Indirect Taxes at the applicable rate in respect of any such

Payments following the receipt, where applicable, of an Indirect Taxes invoice issued by Ardelyx in respect of those Payments, such Indirect Taxes to be payable on the due date of the payment of the Payments to which such Indirect Taxes relate or at the time such Indirect Taxes are required to be collected by Ardelyx, in the case of payment of Indirect Taxes to Ardelyx. The Parties shall issue invoices for all goods and services supplied under this Agreement consistent with Indirect Tax requirements, and to the extent any invoice is not initially issued in an appropriate form, AstraZeneca shall promptly inform Ardelyx and shall cooperate with Ardelyx to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.

9.11 Payments or Reports by Affiliates. Any Payment required under any provision of this Agreement to be made to Ardelyx or any report required to be made by AstraZeneca shall be made by an Affiliate of AstraZeneca if such Affiliate is designated by AstraZeneca as the appropriate payer or reporting entity.

9.12 Mode of Payment and Invoice Requirements. All payments set forth in this Article 9 shall be remitted by wire transfer to the bank account of Ardelyx as designated in writing to AstraZeneca. All Payments hereunder shall be invoiced by Ardelyx. Each invoice shall fulfill the requirements set forth in Exhibit L.

9.13 Payment Currency. Payments by AstraZeneca under this Agreement shall be paid to Ardelyx in U.S. dollars. For the purposes of computing the Net Sales of Licensed Products sold in a currency other than U.S. dollars, such currency shall be converted from local currency to U.S. dollars by AstraZeneca in accordance with the rates of exchange for the relevant month for converting such other currency into U.S. dollars used by AstraZeneca's internal accounting systems, which are independently audited on an annual basis.

9.14 Imports. For the avoidance of doubt, the Parties acknowledge and agree that none of the milestones or royalties payable under this Agreement are related to the license (or right) to import or any import of Licensed Products. The receiving Party shall be responsible for any import clearance, including payment of any import duties and similar charges, in connection with any Licensed Products transferred to such Party under this Agreement. The Parties shall co-operate in accordance with Applicable Laws to ensure where permissible that no import duties are paid on imported materials. Where import duties are payable, the Parties shall co-operate to ensure that the Party responsible for shipping values the materials in accordance with Applicable Laws and minimizes where permissible any such duties and any related import taxes that are not reclaimable from the relevant authorities.

9.15 Discounted Sales. In the event that one or more Licensed Products is included as part of a package of products offered to customers of AstraZeneca, and discounts on packages including Licensed Products are offered independently in the Territory, AstraZeneca shall not discount the price of the Licensed Products sold as part of a package unreasonably compared to the discount AstraZeneca offers on prices of the other products included in such package.

ARTICLE 10.
CONFIDENTIALITY

10.1 Product Information. Ardelyx recognizes that by reason of, among other things, AstraZeneca's status as an exclusive licensee pursuant to the grants under Section 2.1, AstraZeneca has an interest in Ardelyx's retention in confidence of information relating to the Licensed Compounds or Licensed Products, and the Exploitation thereof. Accordingly, until the expiration of AstraZeneca's exclusive license with respect to the Licensed Compounds and Licensed Products, Ardelyx shall, and shall cause its Affiliates and their respective officers, directors, employees and agents to, keep confidential, and not publish or otherwise disclose, and not use directly or indirectly for any purpose other than to perform Ardelyx's obligations under this Agreement, any (a) Regulatory Documentation including any Regulatory Approvals with respect to any Licensed Compound or Licensed Product, (b) Information that is either Controlled by Ardelyx or provided to Ardelyx pursuant to this Agreement relating to Licensed Patents, Sole Program Know-How owned by Ardelyx, Joints Inventions or Ardelyx Sole Invention Patents, (c) Information that is either Controlled by Ardelyx or provided to Ardelyx pursuant to this Agreement relating to the Development, Manufacture or Commercialization of Licensed Compounds or Licensed Products, or to the Regulatory Documentation or Regulatory Approvals for Licensed Compounds or Licensed Products, including development, sales or marketing plans therefor (collectively, (a), (b), and (c) "**Product Information**") except, in each case, to the extent (i) the Product Information is in the public domain, prior to the Effective Date, or thereafter comes into the public domain through no fault of Ardelyx, its Affiliates or any of their respective officers, directors, employees or agents or (ii) the disclosure or use of such Product Information would be expressly permitted under Section 10.5 or is otherwise expressly authorized under this Agreement. For clarification, the disclosure or transfer by Ardelyx to AstraZeneca or by AstraZeneca to Ardelyx of any Product Information shall not cause such information to cease to be subject to the provisions of this Section 10.1. In the event this Agreement is terminated in its entirety or in a given country for any reason, this Section 10.1 shall as from the effective date of such termination have no continuing force or effect (provided that if such termination is with respect to one or several specific country(ies) only, then this Section 10.1 will have no continuing force or effect as to such specific country(ies)) and all Product Information shall be deemed to be Confidential Information of the Party that disclosed such Product Information, or on whose behalf such Product Information was disclosed, pursuant to this Agreement, for purposes of the surviving provisions of this Agreement.

10.2 Confidentiality General. Except as provided in Section 10.1 with respect to Product Information, the Parties agree that the Party receiving Confidential Information disclosed by or on behalf of the other Party pursuant to this Agreement shall, and shall cause its officers, directors, employees, agents, Affiliates and Sublicensees and other Persons to which a sublicense is granted, to, keep confidential and not publish or otherwise disclose or use for any purpose other than to conduct its activities under this Agreement or otherwise as expressly authorized by this Agreement any Confidential Information furnished to it by or on behalf of the other Party pursuant to this Agreement. For the avoidance of doubt, the treatment of Confidential Information that is also Product Information is governed by the terms of Section 10.1, while the treatment of Confidential Information that is not also Product Information is governed by this Section 10.2.

10.3 Exceptions. Notwithstanding the foregoing, the obligations set forth in Section 10.2 shall not apply in respect of Confidential Information (not constituting Product Information) to the extent that it can be established by the receiving Party that such Confidential Information:

(a) was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure by or on behalf of the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) was independently developed without use of the disclosing Party's information, as evidenced by contemporaneous written records;

(d) became generally available to the public or otherwise part of the public domain after its disclosure to the receiving Party and other than through any act or omission of the receiving Party in breach of this Agreement; or

(e) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others.

10.4 Receipt of Third-Party Information and Materials. Neither Party shall knowingly receive documents relating to Licensed Products or Licensed Compounds under an obligation of confidentiality to Third Parties that requires the Party receiving such documents to withhold access to the other Party without such Party's written consent.

10.5 Authorized Disclosure. Ardelyx may disclose Product Information and each Party may disclose Confidential Information (other than Product Information) to the extent that such disclosure is: (a) required by law, order, or regulation of a government agency or a court of competent jurisdiction, or by the rules of a securities exchange, provided that the Party required to make such disclosure shall (i) give the other Party reasonable advance notice of and an opportunity to comment on any such required disclosure, (ii) if requested by the other Party, use Commercially Reasonable Efforts to obtain protective orders or any available limitations on or exemptions from such disclosure requirement where applicable and practicable; (b) made to a patent office for the purposes of filing or enforcing a Patent as permitted in this Agreement, provided, however, that reasonable measures shall be taken to assure confidential treatment of such information, to the extent such protection is available; (c) made by AstraZeneca or its Affiliates, Distributors, Sublicensees or other sublicensees or by Ardelyx (as expressly authorized under this Agreement or as necessary to conduct Ardelyx's obligations under this Agreement) to a Regulatory Health Authority for the purposes of any filing, application or request for Regulatory Approval for Licensed Compounds or Licensed Products as permitted in this Agreement; (d) made to investment bankers, financial advisors, actual or potential Third Party partners, investors, licensees, sublicensees or acquirers of all or substantially all of the assets to which this Agreement relates; (e) made by AstraZeneca or its Affiliates, Distributors, Sublicensees, or other sublicensees to Third Parties as may be necessary or useful in connection with the Exploitation of the Licensed Compounds or Licensed Products as contemplated by this Agreement, including subcontracting or sublicensing transactions in connection therewith or (f)

made by Ardelyx to Third Parties as may be necessary or useful in connection with its performance of its obligations under this Agreement; provided that with respect to disclosures as per subsection (d), (e), (f), or the following sentence, the Party making such disclosures shall ensure that each Third Party recipient is bound by obligations of confidentiality no less restrictive than those contained in this Agreement and shall be liable to the other Party for any breach of such confidentiality obligations by the relevant recipient. In addition (but without prejudice to) the above provisions, each Party shall be entitled to disclose, under a binder of confidentiality containing provisions as protective as those of this Article 10, Confidential Information to any Third Party for the purpose of carrying out activities authorized under this Agreement, including without limitation disclosures to Sublicensees or other sublicensees.

10.6 Survival. This Article 10 (other than Section 10.4) shall survive the termination or expiration of this Agreement for a period of ten (10) years.

10.7 Termination of Prior Agreements. This Agreement supersedes the Confidentiality Agreement between Ardelyx and AstraZeneca dated as of December 22, 2011 (the "**CDA**"). All Information and Materials exchanged between the Parties under the CDA shall be deemed Product Information or (as the case may be) Confidential Information and shall be subject to the terms of this Article 10, and shall be included within the definitions of Licensed Know-How and AstraZeneca Background Know-How, as applicable.

10.8 Publications. Except as required by law, Ardelyx agrees that it shall not publish or present any Product Information and each Party agrees that it shall not publish or present any Confidential Information of the other Party, (i) without the opportunity for prior review by the other Party and (ii) other than in compliance with this Section 10.8. Each Party shall provide to the other the opportunity to review any proposed publications or presentations (including without limitation information to be presented verbally) that relate to Licensed Compounds or Licensed Products as early as reasonably practical, but at least [***] prior to their intended submission for publication or presentation and such submitting Party agrees, upon written request from the other Party within the Review Period (as defined below), not to submit such abstract or manuscript for publication or to make such presentation until the other Party agrees, which agreement shall not be unreasonably withheld. The other Party shall have [***] after its receipt of any such publication or presentation (the "**Review Period**") to notify the submitting Party in writing of any specific objections to the intended publication or presentation. Each Party shall, in any such publication or presentation, delete from the proposed disclosure any Confidential Information and Materials of the other Party and [***]. Additionally, if the other Party notifies the submitting Party within the Review Period that the other Party objects to such disclosure on the basis that a patent application covering information contained in such disclosure should be filed prior to such disclosure, the submitting Party agrees to reasonably delay disclosure of the relevant information, for up to [***] after the other Party's timely notification of its objection as per the above, or until such application has been filed, if earlier. Once any such abstract or manuscript is accepted for publication, the submitting Party will provide the other Party with a copy of the final version of the manuscript or abstract. The Parties agree that following the Completion of the IBS-C Study, the DCC shall determine whether or not, and to what extent, the results of the IBS-C Study shall be published. Additionally, and without limiting the provisions of this Section 10.8, AstraZeneca acknowledges Ardelyx's intention to

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prepare and submit publications relating to the subject matter disclosed in Exhibit M attached hereto, and AstraZeneca agrees not to unreasonably withhold, delay or condition consent for, or restrict, Ardelyx's publication or presentation of such subject matter.

ARTICLE 11.
OWNERSHIP OF INTELLECTUAL PROPERTY AND PATENT RIGHTS

11.1 Disclosure. During the Term, the Parties shall promptly disclose to one another all Joint Technology and Sole Program Know-How (whether patentable or not).

11.2 Ownership.

(a) For the avoidance of doubt AstraZeneca shall retain all rights, title and interest in and to any and all AstraZeneca Background Technology, subject only to the [***].

(b) Inventorship of all inventions and Know-How conceived or made in the course of activities performed after the Effective Date in the course of the Parties' performance under this Agreement shall be determined in accordance with the laws of inventorship of the United States. Subject to the licenses granted in Article 2 and to the other provisions of this Agreement, all such inventions and Know-How that are conceived or made solely by employees or independent contractors of one Party ("**Sole Program Know-How**") shall be solely owned by the inventing Party, and any inventions and Know-How that are conceived or made jointly by employees or independent contractors of each Party will be owned jointly by the Parties ("**Joint Know-How**").

(c) To the extent permissible under Applicable Laws, each Party will cause each employee and contractor conducting work on such Party's behalf under this Agreement to sign a contract that (i) compels prompt disclosure to such Party of all inventions and Know-How conceived or reduced to practice by such employee or contractor during any performance under this Agreement, (ii) automatically assigns to such Party all right, title and interest in and to all such inventions and Know-How and all Intellectual Property Rights therein, and (iii) obligates such persons to similar obligations of confidentiality as set forth in this Agreement. Each Party will require each employee and contractor conducting work on such Party's behalf under this Agreement to maintain records in sufficient detail and in a good scientific manner appropriate for regulatory purposes and purposes of pursuing Patent protection on inventions to properly reflect all work done.

11.3 Intellectual Property Working Group. The Parties shall, promptly after the Effective Date, establish an intellectual property working group comprised of at least one senior patent attorney from each Party (which may be a member of such Party's outside legal team), together with business development personnel and such other representatives of the Parties as the Parties may determine to be appropriate from time to time, to manage and review the patent strategy for Licensed Patents, AstraZeneca Sole Invention Patents, Ardelyx [***] Patents and Joint Patents. The intellectual property working group will serve solely an advisory purpose and shall not have authority to approve or disapprove any actions with respect to patent filing, prosecution and maintenance under this Agreement.

11.4 Prosecution and Maintenance of Patent Rights.

(a) AstraZeneca shall be primarily responsible for and control the preparation, filing, prosecution (including without limitation conducting any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of Licensed Patents, AstraZeneca Sole Invention Patents and Joint Patents (collectively, the "**AstraZeneca Controlled Patents**") using in-house patent attorneys or counsel reasonably acceptable to Ardelyx; provided that AstraZeneca shall provide Ardelyx with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies and proposed correspondence with patent officials or other Third Parties relating to any AstraZeneca Controlled Patents, and will consider comments received from Ardelyx with respect to such proposed filings, strategies and correspondence in good faith and will not unreasonably reject such comments. AstraZeneca agrees to discuss in good faith any changes reasonably requested by Ardelyx to such filings, strategies and correspondence promptly upon their being received. AstraZeneca agrees to implement any such recommended changes with the goal of optimizing overall patent protection for Licensed Compounds and Licensed Products, and Joint Technology, unless those changes would, in AstraZeneca's reasonable belief, be detrimental to the issuance and validity of other Licensed Patents or other AstraZeneca Controlled Patents then being prosecuted by AstraZeneca. In any event, AstraZeneca will not finally abandon any claims and will not limit any claims that are specific to Licensed Compounds or Licensed Products without Ardelyx's prior written consent.

(b) Ardelyx will be primarily responsible for the preparation, filing, prosecution (including without limitation conducting any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of the Ardelyx [***] Patents; provided that, Ardelyx shall provide AstraZeneca with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies and proposed correspondence with patent officials or other Third Parties relating to any Ardelyx [***] Patents, to the extent [***]. Ardelyx, in the course of such activities, will consider comments received from AstraZeneca with respect to such proposed filings, strategies and correspondence in good faith and will not unreasonably reject such comments to the extent such comments could reasonably be deemed to impact Licensed Compounds or Licensed Products. Ardelyx agrees to discuss in good faith any changes reasonably requested by AstraZeneca to such filings, strategies and correspondence promptly upon their being received. Ardelyx agrees to implement any such recommended changes with the goal of optimizing overall patent protection for Licensed Compounds and Licensed Products. In any event, Ardelyx will not finally abandon any claims and will not limit any claims that are specific to Licensed Compounds or Licensed Products without AstraZeneca's prior written consent.

(c) The Party responsible for prosecuting Patents pursuant to Sections 11.4(a) or 11.4(b) shall provide all documentation it is required to provide pursuant to such Sections so as to provide the other Party a reasonable opportunity to review and comment thereon in advance of filing. A Party providing comments in accordance with Section 11.4(a) or 11.4(b) shall provide such comments expeditiously and in any event in reasonably sufficient time to meet any filing deadline communicated to it by the other Party that is consistent with the preceding sentence. The Party receiving any such patent application and correspondence shall maintain such information in confidence pursuant to Article 10, except (for the avoidance of doubt) for patent applications that have been published and official correspondence that is publicly available.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(d) Other than as described in Section 11.4(e) and 11.4(f) below, after the Effective Date, the Party prosecuting patent applications and maintaining Patents pursuant to this Section 11.4 shall be solely responsible for all costs and expenses associated with the filing, prosecution and maintenance of such Patents.

(e) If AstraZeneca decides not to file, prosecute or maintain an AstraZeneca Controlled Patent pursuant to Section 11.4(a), it shall give Ardelyx reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Patent to permit Ardelyx to carry out such activity. After receiving such notice, Ardelyx may elect by written notice to AstraZeneca within [***] after receiving such notice from AstraZeneca to file, prosecute and maintain the relevant Patent, at its sole cost and expense. For the avoidance of doubt, where AstraZeneca is in receipt of an official action with a shortened response deadline of [***] or less, AstraZeneca will communicate such notice to Ardelyx as soon as possible and Ardelyx may make its election (pursuant to the foregoing sentence) no later than [***] prior to the deadline. If Ardelyx does so elect, then AstraZeneca shall cooperate with Ardelyx as necessary to enable Ardelyx to perform such acts as may be reasonably necessary for Ardelyx to file, prosecute or maintain such Patent, including the execution and filing of appropriate instruments and to facilitate the transition of such patent activities to Ardelyx.

(f) If Ardelyx decides not to file, prosecute or maintain an Ardelyx [***] Patent pursuant to 11.4(b), it shall, to the extent [***], give AstraZeneca reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Patent to permit AstraZeneca to carry out such activity. After such notice, AstraZeneca may file, prosecute and maintain the Patent, at its sole cost and expense. If AstraZeneca does so elect, then Ardelyx shall cooperate with AstraZeneca to enable AstraZeneca to perform such acts as may be reasonably necessary for AstraZeneca to file, prosecute or maintain such Patent, including the execution and filing of appropriate instruments and to facilitate the transition of such patent activities to AstraZeneca.

(g) AstraZeneca shall be responsible for and control, but shall confer with Ardelyx in, the selection of the appropriate AstraZeneca Controlled Patents as listed in the patent information section of the Drug Approval Application for Licensed Products for filing to obtain a Patent Term Extension ("**PTE**") pursuant to all Applicable Laws, including without limitation supplementary protection certificates and any other extensions that are now or become available in the future wherever applicable to AstraZeneca Controlled Patents that are applicable to the Licensed Product.

(h) Ardelyx shall (a) provide to AstraZeneca all Information, including a correct and complete list of all Patents covering the Licensed Product(s) or otherwise necessary or reasonably useful to enable AstraZeneca to make filings with Regulatory Health Authorities with respect to the Licensed Patents or Ardelyx [***] Patents (to the extent [***]

[***], including as required or allowed in connection with (i) in the United States, the FDA's Orange Book and (ii) outside the United States, under the national implementations of Section 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents, and (b) cooperate with AstraZeneca at AstraZeneca's reasonable request in connection therewith, including meeting any submission deadlines, in each case, to the extent required or permitted by Applicable Laws. Promptly after the Effective Date and not less than [***] prior to any subsequent deadline with respect to the foregoing, the Parties shall discuss and identify those Patents claiming or covering the Licensed Product and the process of review of such Patents for submission to the applicable Health Regulatory Authorities. AstraZeneca shall have the right, at its sole discretion, to submit or de-list any Licensed Patent with respect to any Health Regulatory Authority without prior notice to or approval from Ardelyx.

(i) Notwithstanding anything to the contrary in this Article 11, neither Party shall have the right to make an election under the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. 103(c)(2)-(c)(3) (the "**CREATE Act**") when exercising its rights under this Article 11 without the prior written consent of the other Party. With respect to any such permitted election, the Parties shall use reasonable efforts to cooperate and coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a "joint research agreement" as defined in the CREATE Act.

11.5 Third-Party Patent Rights. Except as otherwise provided in Article 12, neither Party makes any warranty with respect to the validity, perfection, or dominance of any Patent or proprietary right or with respect to the absence of rights in Third Parties which may be infringed by the manufacture or sale of any Licensed Compound or Licensed Product. Each Party agrees to bring to the attention of the other Party any Patent it discovers, or had discovered, and which relates to the subject matter of this Agreement.

11.6 Enforcement Rights.

(a) **Infringement by Third Parties in the Territory**

(i) The Party first having knowledge that any AstraZeneca Controlled Patent or Ardelyx [***] Patent, in each case, claiming or covering inventions that are necessary or useful to Exploit a Licensed Compound or Licensed Product is infringed or misappropriated by a Third Party in any country in the Territory shall promptly notify the other Party thereof in writing. Such notice shall set forth the facts of that infringement in reasonable detail. The intellectual property working group shall promptly confer to discuss any such actual or alleged infringement.

(ii) AstraZeneca shall have the first right, but not the obligation, to institute, prosecute, and control any action or proceeding or negotiation of any settlements with respect to any infringement of AstraZeneca Controlled Patents, or to the extent [***], the Ardelyx [***] Patents, described in Section 11.6(a)(i) arising by the manufacture, use or sale of products competitive with

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Licensed Compounds or Licensed Products ("**Competitive Product Infringement**") by counsel of its own choice (with Ardelyx having the right to participate in such action or negotiations at its expense and be represented if it so desires by counsel of its own choice). If necessary, Ardelyx agrees in any such action to be joined as a party plaintiff and to give AstraZeneca reasonable assistance and any needed authority to control, file, and to prosecute such action, at AstraZeneca's expense. If AstraZeneca elects not to institute and prosecute an action or proceeding or to conduct such negotiation to abate such infringement as provided above, within a period of [***] after the intellectual property working group first discusses such infringement, then AstraZeneca will discuss with Ardelyx the reasons for this decision. Unless during such discussion, AstraZeneca reasonably demonstrates why enforcing such AstraZeneca Controlled Patent to abate such infringement is likely to have a material adverse effect on the potential sales of or market for Licensed Products, within or outside the relevant country or territory, Ardelyx shall have the right, but not the obligation, to institute, prosecute, and control any such action by counsel reasonably acceptable to AstraZeneca. In such case, AstraZeneca agrees to be joined as a party plaintiff and to give Ardelyx reasonable assistance and all authority to control, file, and prosecute the suit as may be necessary; provided, however, that AstraZeneca shall have the right to participate at its expense in such action and be represented if it so desires by counsel of its own choice. Notwithstanding the foregoing, if AstraZeneca is conducting good faith negotiations regarding a potential settlement of any such infringement upon expiration of such [***] period, Ardelyx shall not be entitled to institute, prosecute, and control such action until [***] following the date that such negotiations are no longer continuing or are terminated. Notwithstanding the foregoing, AstraZeneca may extend either of the foregoing [***] periods referenced in this Section 11.6(a)(ii) for an additional [***] with Ardelyx's consent, which consent shall not be unreasonably withheld, delayed or conditioned. If the Party responsible for an action under this Section 11.6(a)(ii) (a "**Responsible Party**") brings any such action or proceeding hereunder, the other Party agrees to be joined as a party plaintiff and to give the Responsible Party reasonable assistance and authority to control, file, and prosecute the suit as necessary. No settlement or consent judgment or other voluntary final disposition of a suit under this Section 11.6(a)(ii) may be entered into without the joint consent of Ardelyx and AstraZeneca, which consent shall not be withheld, delayed or conditioned unreasonably.

(iii) Any and all costs that are incurred by the Party bringing suit under Section 11.6(a)(ii) with respect to a Licensed Product in the Territory (including without limitation the internal costs and expenses specifically attributable to such suit) shall be reimbursed first out of any damages or other monetary awards recovered in favor of the Parties. If such recovery is insufficient to reimburse the Parties' costs, then each Party shall receive a pro rata portion of the recovery based on such Party's costs relative to all costs incurred by the Parties in such action. If AstraZeneca is the Party bringing suit, any remaining damages shall be deemed Net Sales for the purposes of Section 9.5. If Ardelyx is the Party bringing suit, [***] of any remaining damages shall be distributed to Ardelyx, and [***] shall be distributed to AstraZeneca.

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(b) **Defense and Settlement of Third-Party Claims Against Licensed Products**. If a Third Party asserts that a Patent or other right owned by it is infringed by the Development, Manufacture, or Commercialization of any Licensed Compound or Licensed Product, the Party first obtaining knowledge of such a claim shall immediately provide the other Party written notice of such claim and the related facts in reasonable detail. In such event, the intellectual property working group shall discuss how best to control the defense of any such claim. In the event the Parties cannot agree on the defense of any such claim, such defense shall be controlled by AstraZeneca; provided that Ardelyx shall have the right to participate in such defense and to be represented in any such action by counsel of its selection at its sole discretion. The entity that controls the defense of a given claim (whether Ardelyx and AstraZeneca or AstraZeneca) with respect to a Licensed Product, shall also have the right to control settlement of such claim; provided, however, that no settlement of any action or suit shall be entered into without the written consent of the other Party, which consent shall not be withheld, delayed or conditioned unreasonably.

(c) **Allocation of Expenses Incurred Pursuant to Section 11.6(b) or 11.6(d)**. The expenses of patent defense, settlement, and judgments pursuant to Section 11.6(b) or any action pursuant to Section 11.6(d) shall be borne solely by AstraZeneca.

(d) **Settlement of Third-Party Claims for Infringement in the Territory; Payment of Third-Party Royalties**. If a Third Party asserts that a Patent or other right owned by it is infringed by the Development, Manufacture, or Commercialization or other Exploitation of any Licensed Compound or Licensed Product, and as a result of settlement procedures or litigation under Section 11.6(b), AstraZeneca is required to pay the Third Party a royalty or make any payment of any kind for the right to sell a Licensed Product in a particular country, such expense shall be borne solely by AstraZeneca, subject to any applicable reductions under Section 9.5(j).

(e) **Oppositions by Parties**. If either Party desires to bring an opposition, action for declaratory judgment, nullity action, interference, reexamination, or other attack upon the validity, title, or enforceability of any Patents Controlled by a Third Party that cover the Manufacture, use, or sale or other Exploitation of any Licensed Compound or Licensed Product, such Party shall so notify the other Party in writing, and the Parties shall promptly confer to discuss whether to bring such action or the manner in which to settle such action and AstraZeneca shall be entitled to determine the matter after having taken any reasonable views presented by Ardelyx into due consideration. The Party not bringing an action under this Section 11.6(e) shall be entitled to separate representation in such proceeding by counsel of its own choice and at its own expense, and shall otherwise cooperate fully with the Party bringing such action at the other Party's expense.

(f) **Oppositions by Third Parties**. If any Patent becomes the subject of any proceeding commenced by a Third Party in connection with an opposition, reexamination request, action for declaratory judgment, nullity action, interference, or other attack upon the validity, title, or enforceability thereof, then the Party having the right to prosecute such Patent at such time pursuant to Section 11.4 shall control such defense, at its sole cost. The prosecuting Party shall permit the non-prosecuting Party to participate in the proceeding to the extent permissible under Applicable Laws, and to be represented by its own counsel in such proceeding,

at the non-prosecuting Party's expense. If either Party decides that it does not wish to defend against such action, then the other Party shall have a backup right to assume defense of such Third Party action at its own expense. Any awards or amounts received in defending any such Third Party action shall be allocated based on the percentage of costs incurred by the Parties in defending such action. Any recoveries obtained in such action shall be shared, as set forth in Section 11.6(a)(iii).

(g) **Protective Order**. If, in any action brought pursuant to this Section 11.6, any information is the subject of a protective order that may be reviewed by counsel only, the Parties will endeavor to structure such protective order so as to enable their respective internal counsel to be included as permitted reviewers of such information.

11.7 Trademarks, Packaging and Labeling.

(a) AstraZeneca shall have the right to select the trademarks to be used specifically for the marketing and sale of all Licensed Products in the Territory (each a "**Product Trademark**"). AstraZeneca shall own all rights, title and interests in and to the Product Trademarks and all Intellectual Property Rights and other rights and goodwill associated therewith. Ardelyx shall not use any trademark that is the same or confusingly similar to, misleading or deceptive with respect to, or that dilutes any of the Product Trademarks. AstraZeneca shall have the right, using legal counsel of its own choosing and at its sole expense to, file, maintain, defend and enforce the Product Trademarks.

(b) AstraZeneca shall be responsible for the design and procurement of all packaging (non-commercial and commercial) and labeling of the Licensed Products.

(c) AstraZeneca shall solely bear the full costs and expense of and be responsible for filing, prosecuting and maintaining any Product Trademarks.

(d) AstraZeneca shall, in its sole discretion, protect, defend, and maintain each Product Trademark for use with Licensed Products in the Territory, and all registrations therefor. Ardelyx shall notify AstraZeneca promptly in writing upon learning of any actual, alleged, or threatened infringement of a Product Trademark used in connection with Licensed Compounds or Licensed Products or of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses with respect to Licensed Compounds or Licensed Products. Ardelyx shall cooperate as reasonably requested by AstraZeneca in any actions or proceedings brought by AstraZeneca to halt the infringement.

(e) All of the unrecovered costs, expenses, and legal fees (including without limitation internal costs, expenses, and legal fees) in bringing, maintaining, and prosecuting any action to maintain, protect, or defend a Product Trademark (or registration therefor) shall be borne solely by AstraZeneca. Any recovery in any such action that is in excess of the costs, expenses and legal fees incurred shall be [***].

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ARTICLE 12.
REPRESENTATIONS, WARRANTIES, AND COVENANTS

12.1 Representations, Warranties, and Covenants.

(a) Each of the Parties hereby represents and warrants to the other Party that:

(i) this Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms. The execution, delivery, and performance of the Agreement by such Party does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a Party or by which it is bound, nor violate any law or regulation of any court, Governmental Body, or administrative or other agency having jurisdiction over it;

(ii) it is not aware of any government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Laws, currently in effect, necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements (save for Regulatory Approvals, INDs and similar regulatory authorizations necessary for the Development or Commercialization of the Licensed Compounds and Licensed Products as contemplated hereunder);

(iii) such Party has not, and during the Term will not, grant any right to any Third Party relating to its respective Patents and Know How which would conflict with the rights granted to the other Party hereunder; and

(iv) such Party will at all times and in all material respects comply with all Applicable Laws relating to its activities under this Agreement.

(b) Ardelyx represents, warrants and covenants as of the Effective Date (or as of such other /additional time as may be explicitly specified below) to AstraZeneca that:

(i) Ardelyx is the sole and exclusive owner of the entire right, title and interest in (a) the Listed Patents existing as of the Effective Date and (b) the Licensed Know-How existing as of the Effective Date. Ardelyx has all rights necessary to grant the licenses under the Licensed Technology existing as of the Effective Date that it grants to AstraZeneca in this Agreement. Neither the Listed Patents nor the Licensed Know-How is subject to any encumbrance, lien or claim of ownership by any Third Party. True, complete and correct copies of the complete file wrapper and other correspondence with patent authorities received or sent by or on behalf of Ardelyx in the course of prosecuting the Listed Patents have been provided to AstraZeneca prior to the Effective Date. For the duration of the Term, Ardelyx shall not encumber the rights granted to AstraZeneca hereunder with respect to the Licensed Technology, Joint Technology or Ardelyx [***] Technology. AstraZeneca shall have no obligation to contribute to any remuneration of any inventor employed or previously employed by Ardelyx or any of its Affiliates in respect of the Licensed Patents, Licensed Know-How, Licensed Compounds

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or Licensed Products. Ardelyx has paid and will pay all such remuneration due to such inventors with respect to the Licensed Patents, Licensed Know-How, Licensed Compounds and Licensed Products either existing as of the Effective Date or arising in the course of Ardelyx's activities under this Agreement, and Ardelyx has not received any notification that such payments are deemed by any Person to be insufficient compensation.

(ii) To Ardelyx's Knowledge, the Listed Patents existing as of the Effective Date are being diligently prosecuted before the respective patent authorities in accordance with Applicable Law. All applicable fees due to patent authorities with respect to the filing and prosecution of the Listed Patents existing as of the Effective Date have been paid on or before the due date for payment (as such due date may be extended in accordance with Applicable Laws or patent authority rules and regulations).

(iii) As of the Effective Date, to Ardelyx's Knowledge, there is no actual or threatened infringement or misappropriation of the Licensed Patents or Licensed Know-How by any Person.

(iv) To Ardelyx's Knowledge, the manufacture, use, sale, offer for sale or import of the Licensed Compounds or Licensed Products as they exist as of the Effective Date in the Field will not infringe or misappropriate the Patents, other IPR or proprietary right of any Third Party.

(v) Ardelyx has not received any written notice alleging that the Listed Patents existing as of the Effective Date, if issued, would be invalid or unenforceable or that the Patent applications included in such Listed Patents will not proceed to grant. The conception, development and reduction to practice of the Listed Patents and Licensed Know-How existing as of the Effective Date have not constituted or involved the misappropriation of trade secrets or other proprietary rights of any Person. There have been no Third Party claims, judgments or settlements against Ardelyx or any of its Affiliates as a result of legal actions brought by Third Parties relating to the Regulatory Documentation, Listed Patents or Licensed Know-How, or amounts owed by Ardelyx or its Affiliates with respect to any such claims, judgments or settlements. No claim or litigation has been brought or threatened by any Person alleging that (a) the Listed Patents existing as of the Effective Date, if issued, are or will be invalid or unenforceable, or that the Licensed Know-How existing as of the Effective Date is or will be invalid or unenforceable or (b) the Exploitation of the Licensed Compounds or Licensed Products or the filing of the Regulatory Documentation violates, infringes or otherwise conflicts or interferes with any IPR or proprietary right of any Person.

(vi) Ardelyx has not previously entered into any agreement, whether written or oral, with respect to, or otherwise assigned, transferred, licensed, conveyed or otherwise encumbered its right, title or interest in or to, the Listed Patents, Licensed Know-How, Regulatory Documentation, the Licensed Compounds or the Licensed Products, in each case existing as of the Effective Date (including by granting any covenant not to sue with respect thereto) and Ardelyx will not at any time during the Term enter into any such agreements or grant any such right, title or interest to any Person, in each case, that is inconsistent with the rights and licenses granted to AstraZeneca under this Agreement.

(vii) To the Knowledge of Ardelyx's management personnel responsible for patent matters, in respect of the pending United States patent applications included in the Listed Patents, Ardelyx has submitted all material prior art of which it is aware in accordance with the requirements of the United States Patent and Trademark Office.

(viii) The Listed Patents set forth in Exhibit B represent all Patents within Ardelyx's Control that cover or claim any invention necessary or useful for the Exploitation of Licensed Compounds or Licensed Products as of the Effective Date.

(ix) To its Knowledge, Ardelyx has properly identified each and every inventor of the claims of the Listed Patents existing as of the Effective Date, recognizing that as the prosecution of such Listed Patents proceeds, such claims and such inventors may need to be adjusted, as determined in accordance with the laws of the jurisdiction in which such Licensed Patent is issued or such application is pending.

(x) Each Person who has contributed to the conception of inventions covered or claimed in the Listed Patents existing as of the Effective Date, or the creation of the Licensed Know-How has duly assigned and has executed an agreement assigning to Ardelyx such Person's entire right, title and interest in and to such Listed Patents or Licensed Know-How. To Ardelyx's Knowledge, no current or former officer, employee, agent or consultant of Ardelyx is in violation of any term of any assignment or other equivalent agreement regarding or relevant to the ownership or protection of such Listed Patents or Licensed Know-How.

(xi) The trade secrets and all other material, previously non-published, information (including the chemical structures of all compounds Exemplified in the Listed Patents) included in the Licensed Know-How existing as of the Effective Date have been kept confidential or have been disclosed to Third Parties only under terms of confidentiality. To the Knowledge of Ardelyx no breach of such confidentiality obligation has been committed by any Third Party.

(xii) Ardelyx has made available to AstraZeneca all Regulatory Documentation, Licensed Know-How and other Information in its possession or Control as of the Effective Date regarding or related to any Licensed Compound or Licensed Product that AstraZeneca has requested in writing Ardelyx to make available, and such items are true, complete and correct in all material respects. To the extent Ardelyx is or becomes obligated to provide to AstraZeneca pursuant to this Agreement any Regulatory Documentation, Licensed Know-How and other Information in its Control after the Effective Date, Ardelyx will use reasonable efforts to provide such items in a form that will be true, complete and correct in all material respects. As of the Effective Date, Ardelyx has prepared, maintained and retained all Regulatory Documentation that Ardelyx is required to maintain or report pursuant to and in accordance with GLP, GCP, regulations and other Applicable Laws and Ardelyx has performed such activities in accordance with such Applicable Laws in all material respects.

(xiii) Ardelyx has not been debarred by the FDA, is not subject to any similar sanction of other Regulatory Health Authorities in the Territory, and is not subject to any such debarment or similar sanction by any such Regulatory Health Authority, and Ardelyx has not used, and will not engage, in any capacity, in connection with this Agreement, any Person who either has been debarred by such a Regulatory Health Authority, or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a). Ardelyx shall inform AstraZeneca in writing immediately if it or any Person engaged by Ardelyx who is performing services under this Agreement is debarred or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a) or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to Ardelyx's Knowledge, is threatened, relating to the debarment or conviction of Ardelyx or any such Person performing services hereunder.

(xiv) The information provided by Ardelyx to AstraZeneca (for the purposes of AstraZeneca's assessment as to whether or not filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to this Agreement or the transactions contemplated herein) regarding Ardelyx's and its Affiliates' corporate structure and financial status is, in all material respects, correct, complete and not misleading.

(c) AstraZeneca represents, warrants and covenants as of the Effective Date (or as of such other /additional time as may be explicitly specified below) to Ardelyx that:

(i) AstraZeneca has not been debarred by the FDA (and is not subject to any similar sanction of other Regulatory Health Authorities in the Territory), and is not subject to any such debarment or similar sanction by any such Regulatory Health Authority, and AstraZeneca has not used, and will not engage, in any capacity, in connection with this Agreement, any Person who either has been debarred by such a Regulatory Health Authority, or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a). AstraZeneca shall inform Ardelyx in writing immediately if it or any Person engaged by AstraZeneca who is performing services under this Agreement is debarred or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a), or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to AstraZeneca's knowledge, is threatened, relating to the debarment or conviction of AstraZeneca or any such Person performing services hereunder.

(ii) All employees of AstraZeneca or its Affiliates performing activities under this Agreement shall be under an obligation to assign all right, title and interest in and to their inventions, Information and discoveries, whether or not patentable, and IPRs therein, to AstraZeneca or its Affiliate(s) as the sole owner thereof. Ardelyx shall have no obligation to contribute to any remuneration of any inventor employed or previously employed by AstraZeneca or any of its Affiliates in respect of any such inventions, Information and discoveries and IPRs therein that are so assigned to AstraZeneca or its Affiliate(s). AstraZeneca will pay all such remuneration due to such inventors with respect to such inventions, Information and discoveries and IPRs therein.

(iii) As of the Effective Date, AstraZeneca is not actively conducting any research or development program directed to the identification of NHE3 Products.

(iv) AstraZeneca shall not knowingly engage in any activities that use the inventions covered or claimed in the Licensed Patents or any Licensed Know-How in a manner that is outside the scope of the license rights expressly granted to it hereunder.

(v) AstraZeneca has determined in good faith that no filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended with respect to this Agreement or the transactions contemplated herein, it being understood that AstraZeneca in making such determination has relied on the information provided by Ardelyx regarding Ardelyx's and its Affiliates' corporate structure and financial status.

12.2 Manufacturing by AstraZeneca. AstraZeneca covenants to Ardelyx that any Licensed Compound or Licensed Product manufactured for clinical or commercial use by or for AstraZeneca or its Affiliates other than by or for Ardelyx or its Affiliates or independent contractors shall: (a) be manufactured in compliance with Applicable Laws; (b) conform to the applicable Specifications for such Licensed Compound or Licensed Product; (c) not be misbranded within the meaning of the FFDCA; (d) not constitute an article that may not be introduced into interstate commerce under the provisions of Section 505 of the FFDCA (21 U.S.C. §355); (e) conform to the certificates of analysis supplied with the shipment of such Licensed Product; and (f) shall be packaged and shipped in accordance with the applicable Specifications therefor in effect at the time of delivery.

12.3 Manufacturing by Ardelyx. Ardelyx covenants to AstraZeneca that any Licensed Compound or Licensed Product manufactured for clinical or commercial use by or for Ardelyx or its Affiliates, other than by or for AstraZeneca or its Affiliates or independent contractors retained by AstraZeneca or its Affiliates, shall: (a) be manufactured in compliance with Applicable Laws; (b) conform to the applicable Specifications for such Licensed Compound or Licensed Product; (c) not be misbranded within the meaning of the FFDCA; (d) not constitute an article that may not be introduced into interstate commerce under the provisions of Section 505 of the FFDCA (21 U.S.C. §355); (e) conform to the certificates of analysis supplied with the shipment of such Licensed Product; and (f) shall be packaged and shipped in accordance with the applicable Specifications therefor in effect at the time of delivery.

12.4 No Debarment. In the course of the Development of Licensed Compound and Licensed Product in accordance with this Agreement, neither Party has used, and during the term of this Agreement neither Party will use, any employee or consultant that is debarred by any Regulatory Health Authority or, to the best of such Party's knowledge, is the subject of debarment proceedings by any Regulatory Health Authority. If either Party learns that its employee or consultant performing on behalf under this Agreement has been debarred by any Regulatory Health Authority, or has become the subject of debarment proceedings by any Regulatory Health Authority, such Party shall so promptly notify the other Party and shall prohibit such employee or consultant from performing on its behalf under this Agreement. The foregoing shall be without prejudice to the warranties contained in Section 12.1(b)(xiii) or in Section 12.1(c)(i).

12.5 Anti-Bribery and Anti-Corruption Compliance.

(a) Each Party agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates, agents, representatives, consultants and subcontractors hired in connection with the subject matter of this Agreement (together with such Party, the "**Party Representatives**") that in connection with the performance of its obligations hereunder, the Party Representatives shall not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value, to:

(i) any Government Official in order to influence official action;

(ii) any Government Official (AA) to influence such Person to act in breach of a duty of good faith, impartiality or trust ("**acting improperly**"), (BB) to reward such Person for acting improperly, or (CC) where such Person would be acting improperly by receiving the money or other thing of value; or

(iii) any other Person while knowing or having reason to believe that all or any portion of the money or other thing of value will be paid, offered, promised or given to, or will otherwise benefit, a Government Official in order to influence official action for or against either Party in connection with the matters that are the subject of this Agreement.

(b) The Party Representatives shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Corruption Laws.

(c) Each Party, on behalf of itself and its other Party Representatives, represents and warrants to the other Party that for the Term and [***] thereafter, such Party shall and shall procure that its other Party Representatives keep and maintain accurate books and reasonably detailed records reasonably required to establish compliance with Sections 12.5(a) and 12.5(b) above.

(d) Each Party shall promptly provide the other Party with written notice of the following events

(i) Upon becoming aware of any breach or violation by the first Party or its Party Representative of any representation, warranty or undertaking set forth in Sections 12.5(a) or 12.5(b).

(ii) Upon receiving a formal notification that it is the target of a formal investigation by a Regulatory Authority for a Material Anti-Corruption Law Violation or upon receipt of information from any of its Party Representatives connected with this Agreement that any of them is the target of a formal investigation by a Regulatory Authority for a Material Anti-Corruption Law Violation.

(e) Without prejudice to any auditing or inspection rights that are set forth elsewhere in this Agreement, each Party shall, for the Term and [***] thereafter, for the purpose

of allowing the other Party to audit and monitor the performance of its compliance with this Section 12.5 permit the other Party, its Affiliates, any auditors of any of them and any Regulatory Authority to have access, upon reasonable advance notice, during normal business hours to any premises of such first Party or its other Party Representatives used in connection with this Agreement, together with a right to access personnel and records that relate to this Agreement. The results of any such audit shall constitute Confidential Information of the audited Party, in respect of which the other Party shall comply with the provisions contained in Article 10 (subject to the terms and exceptions set forth therein).

(f) Each Party shall be responsible for any breach of any representation, warranty, covenant or undertaking in this Article 12 or of the Anti-Corruption Laws by its Party Representatives.

(g) Each Party may disclose the terms of this Agreement or any action taken under this Section 12.5 to prevent a potential violation or address a continuing violation of applicable Anti-Corruption Laws, including the identity of the other Party and the payment terms, to any governmental authority if and to the extent the first Party reasonably determines, upon advice of counsel, that such disclosure is necessary.

12.6 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 12, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY OF NON-INFRINGEMENT.

ARTICLE 13.
RECORD RETENTION, AUDIT AND USE OF NAME

13.1 Records Retention; Audit.

(a) Each Party shall keep or cause to be kept accurate records of account in accordance with IFRS, in the case of AstraZeneca, and in accordance with IAS, in the case of Ardelyx, showing information that is necessary for the accurate determination of the royalties and other payments due under Article 9, or any other payment due hereunder. Such records or books of account shall be kept until the third (3rd) anniversary of December 31 of the Calendar Year in which the relevant Licensed Product are sold (in the case of royalty or other payments due under Section 9.5) or in the period for which any other payment hereunder is required to be made. For clarity, each Party shall cause its Affiliates to keep, and shall require pursuant to a written agreement that any Sublicensee, other sublicensee or subcontractor performing activities hereunder keep accurate records or books of account in a manner that will permit such Party to comply with its obligations under the foregoing sentence.

(b) Upon the written request of the other Party, each Party shall permit a qualified accountant or a person possessing similar professional status and associated with an independent accounting firm acceptable to the Parties to inspect during regular business hours and no more than once a year and once in any given Calendar Year, and going back no more than three (3)

years preceding the current Calendar Year, all or any part of the audited Party's records and books necessary to check the accuracy of any payments made or required to be made hereunder. The accounting firm shall enter into appropriate obligations with the audited Party to treat all information it receives during its inspection in confidence. The accounting firm shall disclose to Ardelyx and AstraZeneca only whether the payments made are correct and details concerning any discrepancies, but no other information shall be disclosed to the Party requesting the inspection. The charges of the accounting firm shall be paid by the Party requesting the inspection, except that if the payments being audited have been underpaid or the costs being reimbursed have been overstated, in each case by more than five percent (5%), the charges will be paid by the Party whose records and books are being inspected. Any failure by a Party to exercise its rights under this Section 13.1 with respect to a Calendar Year within the three (3) year period allotted therefor shall constitute a waiver by such Party of its right to later object to any payments made by the other Party under this Agreement during such Calendar Year.

13.2 Publicity Review. Subject to the further provisions of this Section 13.2, no Party shall originate any written publicity, news release, or other announcement relating to this Agreement or to performance hereunder or the existence of an arrangement between the Parties (collectively, "**Written Disclosure**"), without the prior prompt review and written approval of the other, which approval shall not be unreasonably withheld. Notwithstanding the foregoing provisions of this Section 13.2, any Party may make any public Written Disclosure it believes in good faith based upon the advice of counsel is required by Applicable Laws or any listing or trading agreement concerning its publicly traded securities, provided that, prior to making such Written Disclosure, the disclosing Party shall where reasonably practicable provide the other Party with a copy of the materials proposed to be disclosed and an opportunity to promptly review and comment on the proposed Written Disclosure. To the extent that the receiving Party reasonably requests that any information in the materials proposed to be disclosed be deleted, the disclosing Party shall use reasonable efforts to request confidential treatment of such information pursuant to Rule 406 of the Securities Act of 1933 or Rule 24b-2 of the Securities Exchange Act of 1934, as applicable (or any other applicable regulation relating to the confidential treatment of information) so that any information that the receiving Party reasonably requests to be deleted, to the extent permitted by the applicable government agency, are omitted from such materials. The terms of this Agreement may also be disclosed to (a) government agencies where required by Applicable Laws, provided that the Party making such disclosure seeks a protective order or confidential treatment of this Agreement to the extent allowed under Applicable Laws, (b) Third Parties having a need to know such information for purposes of performing under this Agreement or advising a Party with respect to its performance under this Agreement or its business or legal obligations, or (c) Third Party investment bankers, financial advisors, actual or potential Third Party partners, investors, licensees, sublicensees or acquirers of all or substantially all of the assets to which this Agreement relates; provided, that, disclosures under subsections (b) or (c) shall be made under a binder or equivalent obligation of confidentiality and the Party having made such disclosures shall be liable to the other Party for any breach of such confidentiality obligation by the relevant Third Party recipient. Notwithstanding the foregoing, the Parties intend to issue a joint press release regarding the transaction contemplated by this Agreement, the contents of such press release to be mutually agreed by the Parties in writing (as soon as reasonably practicable after the Effective Date and prior to any publication thereof) substantially in the form of the draft press release attached hereto as Exhibit N, subject to such additional modifications as the Parties may mutually agree. The Parties additionally intend to

issue jointly press releases regarding material events occurring with respect to the Development or Commercialization of Licensed Products pursuant to this Agreement. Such material events may include without limitation the commencement or Completion of a pivotal Clinical Trial for Licensed Products, the filing of a Drug Approval Application, and the receipt of Regulatory Approval for Licensed Products. The content of any such press releases shall be agreed upon by the Parties in advance of any such announcement being provided to any Third Party.

13.3 Use of Names. Neither Party shall use the name, insignia, symbol, trademark, trade name or logotype of the other Party or its Affiliates in relation to this transaction or otherwise in any public announcement, press release, or other public document without the prior written consent of such other Party, which consent shall not be unreasonably withheld, delayed or conditioned, except for those disclosures for which consent has previously been obtained; provided, however, that either Party may use the name of the other Party in any document required to be filed with any government authority, including without limitation the FDA and the Securities and Exchange Commission or otherwise as may be required by Applicable Laws, provided that such disclosure shall be governed by Section 10.5. Further, the restrictions imposed on each Party under this Section 13.3 are not intended, and shall not be construed, to prohibit a Party from identifying the other Party in its internal business communications, provided that any Confidential Information in such communications remains subject to Article 10. Moreover, and notwithstanding the foregoing, AstraZeneca and its Affiliates and Sublicensees shall have the right to use the name of Ardelyx and its Affiliates to the extent necessary or useful in connection with the Exploitation of the Licensed Compounds or Licensed Products as contemplated by this Agreement in their negotiations and work with subcontracting and sublicensing transactions in connection therewith provided that any Confidential Information in such communications remains subject to Article 10.

ARTICLE 14.
TERM AND TERMINATION

14.1 Term. The term of this Agreement shall commence as of the Effective Date and, unless sooner terminated as provided herein, shall continue in effect until the date on which all of AstraZeneca's payment obligations under Article 9 have been performed or have expired (the "**Term**").

14.2 Termination Rights.

(a) **Termination for Cause**. Subject to the provisions of this Section 14.2(a), if either Party (the "**Breaching Party**") shall have committed a material breach of any of its material obligations under this Agreement, and such material breach shall remain uncured and shall be continuing for a period of sixty (60) days following the Breaching Party's receipt of notice of such breach from the other Party (the "**Non-Breaching Party**") stating the Non-Breaching Party's intent to terminate this Agreement in its entirety pursuant to this Section 14.2(a) if such breach remains uncured, then, in addition to any and all other rights and remedies that may be available, the Non-Breaching Party shall have the right to terminate this Agreement effective upon the expiration of such sixty (60) day period (subject, however, to the provisions set forth below in this Section 14.2(a)). Notwithstanding the above, if (i) such material breach cannot reasonably be cured within such sixty (60)-day period, (ii) the Breaching Party provides,

within such sixty (60)-day period, the Non-Breaching Party with a written detailed plan that contains measures that can be reasonably expected to cure such breach as soon as reasonably practicable, and (iii) the Breaching Party commences to perform such measures in accordance with such plan, and (iv) the Breaching Party thereafter diligently continues to perform such measures as detailed in such plan, then the Non-Breaching Party shall not be entitled to terminate this Agreement (and any notice of termination issued pursuant to the foregoing sentence shall not become effective) unless and until the Breaching Party ceases to diligently perform such measures despite then not having cured the breach. Notwithstanding the above, if within the aforementioned sixty (60)-day period either Party takes measures to resolve the dispute (for which termination is being sought) pursuant to Section 16.1 (or Ardelyx initiates mediation pursuant to Section 16.2) and thereafter (if the dispute then remains unresolved) within a period of thirty (30) days after the expiry of the time period set forth in Section 16.1 (and, as the case may be, Section 16.2(a)), initiates arbitration as permitted under Section 16.2(b) to resolve the dispute and diligently pursues such procedure, then the cure period set forth in this Section 14.2(a) shall be suspended and the Non-Breaching Party shall have the right to terminate this Agreement due to the breach for which termination is being sought only if (i) the arbitration tribunal determines through its final resolution of the dispute that such breach exists and (ii) such breach remains uncured for sixty (60) days after such final resolution. Any notice of alleged material breach by the Non-Breaching Party under this Section 14.2(a) shall include without limitation a reasonably detailed description of all relevant facts and circumstances demonstrating, supporting, or relating to each such alleged material breach by the Breaching Party. Actual termination of this Agreement pursuant to this Section 14.2(a) shall only occur upon a separate written notice of termination by the Non-Breaching Party after the end of the applicable cure period. This Section 14.2(a) defines exclusively the Parties' right to terminate this agreement for any material breach of contract.

(b) **Termination for Convenience**.

(i) Prior to its expiration, this Agreement may be terminated in its entirety at any time by AstraZeneca effective upon one hundred and twenty (120) days (or such longer period as AstraZeneca may elect at its sole discretion) prior written notice to Ardelyx, provided, however, that if a termination is made by AstraZeneca pursuant to Section 2.9(d), the termination will be effective thirty (30) days after Ardelyx's receipt of AstraZeneca's written notice of such termination.

(ii) Additionally, if AstraZeneca ceases all Exploitation of Licensed Compounds or Licensed Products for a continuous period of **[***]**, AstraZeneca shall, at Ardelyx written request following the expiration of such [***] period (such request to reference explicitly this Section 14.2(b)(ii)), provide to Ardelyx within [***] after AstraZeneca's receipt of such request a written reasonable plan under which AstraZeneca would recommence Exploitation of Licensed Compounds or Licensed Products under this Agreement within [***] after having provided such plan to Ardelyx. AstraZeneca shall, after providing such plan to Ardelyx, perform substantially in accordance therewith. If AstraZeneca fails to provide such plan to recommence Exploitation of Licensed Products within such [***] period or if AstraZeneca fails to recommence such Exploitation within the aforementioned [***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

period, AstraZeneca shall be deemed to have exercised its right to terminate this Agreement in its entirety pursuant to this Section 14.2(b) effective upon expiration of such [***] or (as the case may be) [***] period.

(c) **Termination for Challenge of Licensed Patents**. Prior to its expiration, Ardelyx may terminate this Agreement in its entirety by written notice to AstraZeneca if (i) AstraZeneca or its Affiliates challenges the validity, scope or enforceability of or otherwise opposes any Patent included in the Licensed Patents or Ardelyx [***] Patents and (ii) AstraZeneca (a) does not cause such measures to cease within thirty (30) days after having received written notice thereof from Ardelyx, requesting such measures to cease and stating Ardelyx's intention to terminate this Agreement if such measures are not ceased within the prescribed time or (b), with respect to Ardelyx [***] Patents, does not exercise the Exclusion Option within thirty (30) days after having received such aforementioned written notice from Ardelyx. If a Sublicensee of AstraZeneca challenges the validity, scope or enforceability of or otherwise opposes any Patent included in the Licensed Patents or Ardelyx [***] Patents under which such Sublicensee is sublicensed, then AstraZeneca shall, upon written notice from Ardelyx terminate such sublicense as promptly as possible pursuant to the terms of the sublicense agreement. AstraZeneca shall include provisions in all agreements under which a Sublicensee obtains a sublicense under any Patent included in the Licensed Patents or Ardelyx [***] Patents providing that if the Sublicensee challenges the validity or enforceability of or otherwise opposes any such Patent under which the Sublicensee is sublicensed, AstraZeneca may terminate such sublicense

(d) **Termination due to Third Party Patent Issues**. If a Third Party asserts that a Patent or other right owned by it is infringed by the Development, Manufacture, or Commercialization of any Licensed Compound or Licensed Product, AstraZeneca shall have the right to terminate, this Agreement with respect to the country or countries concerned effective upon written notice to Ardelyx, or (if commercially reasonable) in its entirety upon sixty (60) days' prior written notice to Ardelyx, if AstraZeneca, despite having exercised Commercially Reasonable Efforts in good faith to do so, (i) is unable to obtain from such Third Party on commercially reasonable terms such license as would be required to maintain AstraZeneca's, its Affiliates' or Sublicensees' ability to Develop, Manufacture or Commercialize the Licensed Compound or Licensed Product without infringing such third Party's Patent or other right, and (ii) is unable to modify the Licensed Compound or Licensed Product in a manner that is reasonable and viable from a scientific and commercial point of view and that maintains AstraZeneca's, its Affiliates' or Sublicensees' ability to Develop, Manufacture or Commercialize the Licensed Compound or Licensed Product without infringing such Third Party's Patent or other right and without resulting in an unreasonable increase of costs. In the event of a termination with respect to one or several countries pursuant to the above, Section 14.3 shall apply *mutatis mutandis* with respect to such country or countries only and the Agreement shall remain in force with respect to all other countries in the Territory not affected by such termination.

(e) **Termination for Insolvency**. A Party may terminate this Agreement effective immediately upon written notice to the other Party if at any time during the Term, the other Party (the "**Debtor**") (i) becomes insolvent, (ii) has a case commenced by or against it under the Bankruptcy Code, (iii) files for or is subject to the institution of bankruptcy, liquidation or

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

receivership proceedings, (iv) assigns all or a substantial portion of its assets for the benefit of creditors, (v) has a receiver or custodian appointed for the Debtor's business, or (vi) has a substantial part of its business being subject to attachment or similar process; provided, however, that in the event of any involuntary case under the Bankruptcy Code, the first Party shall not be entitled to terminate this Agreement pursuant to this subsection (e) if the case is dismissed within sixty (60) days after the commencement thereof.

14.3 Consequences of an AZ Triggered Termination. In the event (i) Ardelyx terminates this Agreement pursuant to Section 14.2(a) for AstraZeneca's material breach; (ii) Ardelyx terminates this Agreement pursuant to Section 14.2(c) for patent challenge by AstraZeneca; (iii) Ardelyx terminates this Agreement pursuant to Section 14.2(e) for AstraZeneca's insolvency; (iv) AstraZeneca terminates this Agreement pursuant to Section 5.2(a)(i); (v) AstraZeneca terminates this Agreement pursuant to Section 14.2(b); or (vi) AstraZeneca terminates this Agreement entirely, or with respect to the country or countries concerned pursuant to Section 14.2(d) (a termination as per (i) through (vi) being an "**AZ Triggered Termination**"), AstraZeneca shall, subject to Section 14.3(a), continue to be obligated during the termination notice period (as applicable) to perform as far as reasonably practicable all of its obligations under this Agreement, except in the event of a termination pursuant to Section 14.2(b) for material safety concerns. If an AZ Triggered Termination occurs after the first Regulatory Approval of a Licensed Products, AstraZeneca shall continue to use Commercially Reasonable Efforts to Commercialize such Licensed Product until the earlier of (i), if applicable, the expiration of the one hundred twenty (120) day notice period, in the event of a termination by AstraZeneca pursuant to Section 14.2(b) other than for material safety concerns; (ii) receipt of Ardelyx's written notice that AstraZeneca may cease such Commercialization activities; or (iii), if applicable, the effective date of the termination notice issued pursuant to Section 14.2(a), Section 14.2(c), Section 14.3(d) or Section 14.3(e). In addition, as a result of an AZ Triggered Termination the following shall apply:

(a) All licenses and rights to the Licensed Technology granted to AstraZeneca hereunder shall terminate as of the effective date of such termination, except to the extent and for so long as is necessary to permit AstraZeneca to meet its obligations under Section 8.4, to finish work-in-progress and sell any inventory as per Section 14.3(p) and to otherwise perform any responsibilities in connection with any then ongoing Clinical Trial or other activity that cannot be terminated as of such date under Applicable Laws, including GCP, it being agreed that all such activities and responsibilities shall be discontinued and ceased (unless otherwise agreed or required under Applicable Laws by transitioning such activities and responsibilities to Ardelyx) as promptly as possible, subject to Applicable Laws, including GCP.

(b) If the notice of the AZ Triggered Termination is given at a time when the Initial Studies or any other Assigned Activities have been initiated but not yet Completed, then the Parties shall work together in good faith during the termination notice period to ensure that AstraZeneca's involvement in and responsibilities for such activities will be discontinued and ceased as efficiently and promptly as possible (by way of transitioning such involvement and responsibilities to Ardelyx or by other means agreed to by the Parties), subject to Applicable Laws, including GCP, and provided that the foregoing shall be without prejudice to AstraZeneca's obligations under Section 8.4 and rights under Section 14.3(p). Notwithstanding the foregoing, following any such AZ Triggered Termination, AstraZeneca shall continue to

reimburse Ardelyx for its Development Expenses incurred in the performance of the IBS-C Study, whether incurred prior to, or on or after, the effective date of such termination, up to a maximum amount of [***]. Additionally, AstraZeneca shall reimburse Ardelyx for all other non-cancellable Development Expenses or Additional Assigned Activity Expenses committed by Ardelyx prior to its receipt of, or (as the case may be) provision to AstraZeneca of, the notice of termination, where – as of the effective date of the termination – such expenses have not already been reimbursed by AstraZeneca pursuant to Section 4.3 or Section 4.8 and provided that Ardelyx furnishes AstraZeneca with satisfactory proof that such expenses cannot reasonably be cancelled or recovered and in no event shall such expenses exceed the amount budgeted therefor in the Development Budget approved by the DCC. All sublicense agreements between AstraZeneca and its Sublicensees or other sublicensees shall terminate as of the effective date of the termination, unless Ardelyx provides written consent, which it shall not unreasonably withhold, delay or condition, to the assignment of any such sublicense agreement to Ardelyx (to the extent assignable).

(c) AstraZeneca shall [***].

(d) Ardelyx shall have the right (but not the obligation) to enforce the AstraZeneca Sole Invention Patents against a Competitive Product Infringement relating to Licensed Products.

(e) Ardelyx shall have the right (but not the obligation) to prosecute, maintain, enforce and defend all Licensed Patents and Joint Patents and AstraZeneca shall, as promptly as reasonably practicable, and to a reasonable extent take such other actions and execute such other instruments, assignments, and documents as may be necessary to enable Ardelyx to practice the rights set forth in this subsection (e), with such cooperation to be provided at Ardelyx's sole cost and expense.

(f) Each Party shall return all data, files, records and other materials in its possession or Control containing or comprising the other Party's Confidential Information to which such first Party does not retain rights hereunder (except one copy thereof, which may be retained by the returning Party solely for legal archive purposes).

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(g) AstraZeneca shall, where permitted under Applicable Laws, as promptly as reasonably practical transfer to Ardelyx all INDs, Drug Approval Applications, and Regulatory Approvals with respect to Licensed Compounds and Licensed Products (but not with respect to any other compounds or products), and shall take such other actions and execute such other instruments, assignments, and documents as may be necessary to effect the transfer of rights hereunder to Ardelyx. Without limiting the generality of the foregoing, AstraZeneca agrees to submit to the FDA and other Regulatory Authorities where reasonably appropriate and permitted under Applicable Laws in jurisdictions in which any regulatory filings have been made with respect to the Licensed Product, within ten (10) days after the effective date of such termination, a letter (with copy to Ardelyx) notifying the FDA and such other Regulatory Authorities of the transfer of any regulatory filings for the Licensed Product in such jurisdictions from AstraZeneca to Ardelyx. Additionally, AstraZeneca will provide Ardelyx with copies of regulatory filings necessary to practice the rights granted to it under this Section 14.3(g). All transfers described in this Section 14.3(g) shall be at Ardelyx's expense. Ardelyx shall indemnify and hold harmless AstraZeneca, its Affiliates and each of its and their respective employees, officers, directors, agents and Sublicensees as set forth in Section 15.1(b) from and against any Losses arising out of or resulting from Third Party Claims that arise or result from Ardelyx's, its Affiliates' or its sublicensees' Exploitation of the Licensed Compounds or Licensed Products under any INDs, Drug Approval Applications or Regulatory Approvals transferred hereunder.

(h) AstraZeneca will assign (or cause its Affiliates to assign) to Ardelyx, at Ardelyx's request, all of AstraZeneca's (or its Affiliates') rights and obligations under agreements with Third Parties with respect to (i) the conduct of Clinical Trials for each Licensed Product, including Agreements with contract research organizations, clinical sites and investigators that relate to Clinical Trials in support of Regulatory Approvals in the Territory, (ii) the Manufacture of Licensed Compound or Licensed Product (subject to AstraZeneca's obligations under Section 8.4), and (iii) any other Third Party agreements involving the Development or Commercialization of the Licensed Products, unless in each of (i) through (iii), such agreement is not permitted to be assigned pursuant to its terms or relates to products other than Licensed Products, in which case AstraZeneca will cooperate with Ardelyx in all reasonable respects to transfer as promptly as reasonably practical to Ardelyx the benefit of such contract (against Ardelyx undertaking to perform all the obligations and assume all liabilities under such contract) in another mutually acceptable manner and upon Ardelyx's request facilitate discussions between Ardelyx and such Third Parties to assist Ardelyx in entering into a direct agreement with such Third Parties.

(i) AstraZeneca shall at Ardelyx's sole cost and expense assign all of its rights in and to all Product Trademarks for Licensed Products (and all registrations and applications for registration therefor) that it owns pursuant to Section 11.7 to Ardelyx and Ardelyx shall have the exclusive right (but not the obligation) to enforce the Product Trademark rights against infringers.

(j) To the extent they are assignable and as requested by Ardelyx, AstraZeneca shall execute any documents necessary to transfer to Ardelyx rights under any Third Party licenses

obtained by AstraZeneca pursuant to and during the course of the term of this Agreement for the purpose of Exploiting the Licensed Compounds or Licensed Products, and Ardelyx shall thereafter be responsible for all costs, expenses and obligations associated with such Third Party licenses.

(k) If AstraZeneca at the time of termination was Manufacturing Licensed Product or Licensed Compound, AstraZeneca shall comply with the obligations set forth in Section 8.4.

(l) Upon Ardelyx's request, AstraZeneca shall transfer to Ardelyx copies of all materials, data, results, analyses, reports, websites, marketing materials, technology, regulatory filings and other Information and Materials existing in tangible or electronic form at the effective date of the AZ Triggered Termination, that is Controlled by AstraZeneca and has been generated on or before the effective date of such termination by or on behalf of AstraZeneca, its Affiliates or Sublicensees with respect to the Licensed Products ("**AZ Product Data**") and Ardelyx shall have the right to use on a non-exclusive basis such AZ Product Data only to the extent necessary to enable Ardelyx to proceed to Develop, Manufacture and Commercialize Licensed Products upon and after termination of this Agreement, provided that Ardelyx shall indemnify and hold harmless AstraZeneca, its Affiliates and each of its and their respective employees, officers, directors, agents and Sublicensees as set forth in Section 15.1(b) from and against any Losses arising out of or resulting from Third Party Claims that arise or result from the use of any AZ Product Data hereunder.

(m) In consideration of the foregoing transfer of AZ Product Data and, if applicable, INDs, Drug Approval Applications, Regulatory Approvals, Product Trademarks as well as [***] and any other rights granted under the above provisions in this Section 14.3, if this Agreement is terminated [***], Ardelyx shall [***], and (iii) any such [***], and (to the extent such costs are not to be borne by Ardelyx pursuant to the above provisions) any [***] under this Agreement to Ardelyx or its sublicensees. In addition, if the termination occurs [***].

(n) For the avoidance of doubt the rights granted to Ardelyx under this Section 14.3 are restricted to Licensed Compounds and Licensed Products and AstraZeneca does not grant any rights whatsoever to any other compounds or products or to any Intellectual Property Rights

other than as set forth in Section 14.3(c). Moreover, AstraZeneca shall not be obligated to provide Ardelyx with any other IPR or other rights or services than that which is explicitly provided for under this Section 14.3.

(o) Except where expressly provided for otherwise in this Agreement, termination of this Agreement shall not relieve the Parties of any liability, including without limitation any obligation to make payments hereunder, which accrued hereunder prior to the effective date of such termination, nor preclude any Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement, nor prejudice any Party's right to obtain performance of any obligation. In the event of such termination, this Section 14.3 shall survive in addition to others specified in this Agreement to survive in such event.

(p) AstraZeneca shall be entitled, during a period of [***] following the AZ Triggered Termination, to finish any work-in-progress and, unless Ardelyx requests the transfer thereof in accordance with the terms of Section 8.4, to sell any inventory of the Licensed Product that remains on hand as of the date of the termination, so long as AstraZeneca pays to Ardelyx the royalties applicable to said subsequent sales in accordance with the terms and conditions set forth in this Agreement; provided that if such termination is by Ardelyx pursuant to Section 14.2(a), that AstraZeneca's rights under this Section 14.3(p) shall be subject to Ardelyx's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

(q) Notwithstanding anything else set forth in this Agreement, (i) AstraZeneca shall not have any obligations to continue any Development, Manufacture or Commercialization of the relevant Licensed Compound or Licensed Product if AstraZeneca has terminated this Agreement pursuant to Section 14.2(b) with reference to any material safety concerns; and (ii) should Ardelyx elect to pursue any Development, Manufacture or Commercialization of the relevant Licensed Compound or Licensed Product following any such termination by AstraZeneca, Ardelyx shall - without prejudice to or limitation of any other or further obligations Ardelyx may have to AstraZeneca under this Agreement (including Section 15.1(b)) - indemnify AstraZeneca for any Third Party claims arising from Ardelyx's Development, Manufacture or Commercialization after the effective date of the termination of the relevant Licensed Compound or Licensed Product as set forth in Section 15.1(b).

(r) AstraZeneca shall continue to comply with its non-compete obligations pursuant to Sections 2.9(b) for the period set forth in Section 2.9(b).

14.4 Consequences of Termination (or Right to Terminate) by AstraZeneca for Ardelyx's breach or insolvency. If AstraZeneca is entitled to terminate this Agreement pursuant to Section 14.2(a) as a result of a material breach by Ardelyx or Section 14.2(e) for an insolvency or other transaction described therein affecting Ardelyx, AstraZeneca may elect to terminate this Agreement subject to the provisions set forth in Section 14.4(a), or to continue the Agreement subject to the provisions set forth in Section 14.4(b).

(a) If AstraZeneca terminates the Agreement under Section 14.2(a) or under Section 14.2(e), Section 14.3 shall apply as if such termination were an AZ Triggered Termination,

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

except that (AA) notwithstanding anything set forth to the contrary in Section 14.3, Ardelyx shall compensate AstraZeneca for any costs or expenses incurred by it or its Affiliates in connection with performing any of the activities contemplated by Section 14.3, (BB) Section 14.3(r) shall not apply and AstraZeneca [***] as from the effective date of the termination, (CC) Ardelyx shall continue to comply with its non-compete obligations under Section 2.9(c) for the period stated therein, and (DD) Section 14.3(m) shall not apply, and instead, the following shall apply:

> In consideration of the foregoing transfer of AZ Product Data and, if applicable, INDs, Drug Approval Applications, and Regulatory Approvals as well as the license granted under Section 14.3(c) and any other rights granted under the above provisions in Section 14.3, if this Agreement is terminated pursuant to Section 14.2(a) by AstraZeneca, Ardelyx shall [***]. The foregoing shall be in addition and without prejudice to any other remedies that may be available to AstraZeneca due to Ardelyx's breach, including [***].

(b) If AstraZeneca has the right to terminate this Agreement under Section 14.2(a) or Section 14.2(e), but elects to continue this Agreement, this Agreement shall continue in full force and effect except as follows:

(i) Ardelyx's rights under the Co-Promote Option (whether or not exercised prior to the termination) shall terminate.

(ii) Ardelyx shall, at AstraZeneca's request, cease any Development, Manufacturing or Commercialization activities performed by Ardelyx pursuant to this Agreement, Ardelyx shall cease to have the right to participate in the DCC and SCC, and, upon such request, Ardelyx shall furnish AstraZeneca with reasonable cooperation to assure a smooth transition to AstraZeneca (or its designee) of any such activities then being conducted or performed by Ardelyx.

(iii) Each Party shall return all data, files, records and other materials in its possession or Control containing or comprising the other Party's Confidential Information to which such first Party does not retain rights hereunder (except one copy thereof, which may be retained by the returning Party solely for legal archive purposes).

(iv) In the event of AstraZeneca being entitled to terminate this Agreement under Section 14.2(a) due to Ardelyx breach (but not if AstraZeneca's right to terminate is based solely on Ardelyx's insolvency pursuant to Section 14.2(e)), the [***]

[***] as set forth in Section [***], taking into account any [***], shall each be [***], provided that any such [***], and any costs incurred by AstraZeneca in connection with the [***].

(c) Except where expressly provided for otherwise in this Agreement, termination of this Agreement by either Party shall not relieve the Parties of any liability, including without limitation any obligation to make payments hereunder, which accrued hereunder prior to the effective date of such termination, nor preclude any Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement, nor prejudice any Party's right to obtain performance of any obligation. In the event of such termination, this Section 14.4 shall survive in addition to others specified in this Agreement to survive in such event.

14.5 Change of Control.

(a) Ardelyx shall provide to AstraZeneca written notice of any Change of Control of Ardelyx as soon as practicable after the effective date of an agreement pursuant to which such Change of Control would be effected, but in any event within five (5) Business Days thereafter. AZ shall maintain such notice in confidence as Confidential Information of Ardelyx, subject to the provisions contained in Article 10.

(b) Ardelyx may request by written notice to AstraZeneca within [***] after the effective date of a Change of Control of Ardelyx that the Parties meet to discuss any modifications that Ardelyx wishes to propose to subsections (i) through (iii) of Section 14.5(c). If Ardelyx requests such a meeting, Ardelyx and AstraZeneca shall meet within [***] after AstraZeneca's receipt of such meeting request to allow Ardelyx to present to AstraZeneca its proposal to modify any or all of subsections (i) through (iii) of Section 14.5(c). Following such meeting, AstraZeneca shall have a period of [***] to provide Ardelyx with written notice as to whether or not any, or all, of the modifications proposed by Ardelyx are accepted by AstraZeneca and, to the extent so accepted, as from what date such modifications shall apply, it being acknowledged and agreed that AstraZeneca shall be entitled to accept or reject any such proposed modifications entirely at its own discretion. In the event that AstraZeneca fails to notify Ardelyx pursuant to the foregoing sentence with such [***] period, then Ardelyx's proposal shall be deemed rejected by AstraZeneca upon the expiry of such [***] period. For the avoidance of doubt, regardless of any request for a meeting and proposal for modifications made by Ardelyx pursuant to this Section 14.5(b), Section 14.5(c) shall apply in its entirety as from the effective date of a Change of Control of Ardelyx, unless and until AstraZeneca has accepted in writing within the aforesaid [***] period that any modifications proposed by Ardelyx shall take effect.

(c) Upon any Change of Control of Ardelyx, subject to any modifications mutually agreed by the Parties in writing pursuant to Section 14.5(b), the following shall apply [***]

[***]

(d) In the event that AstraZeneca is subject to a Change of Control, AstraZeneca, or its successor in interest, shall remain obligated to use Commercially Reasonable Efforts to Develop, Manufacture and Commercialize the Licensed Products in the Major Markets as set forth in Section 4.4 and to perform all other obligations set forth in this Agreement.

14.6 Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by a Party are, and shall otherwise be deemed to be, for the purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the United States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction. The Parties agree that the Parties, as licensees of such rights under this Agreement, shall retain and may fully exercise all of their rights and elections under the United States Bankruptcy Code, or equivalent provisions of applicable legislation in any other jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either Party under the Unites States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction, the Party that is not a party to such proceeding shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party's possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon the non-subject Party's written request therefor, unless the Party subject to such proceeding elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under subsection (a) above, following the rejection of this Agreement by or on behalf of the Party subject to such proceeding upon written request therefor by the non-subject Party.

14.7 Surviving Rights and Obligations. The rights and obligations set forth in this Agreement shall extend beyond the expiration or termination of the Agreement only to the extent expressly provided for herein, or to the extent that the survival of such rights or obligations are necessary to permit their complete fulfillment or discharge. Without limiting the foregoing, the Parties have identified various rights and obligations which are understood to survive, as follows: In the event of expiration or termination of this Agreement for any reason, the following provisions shall survive in addition to others specified in this Agreement to survive in such event: Articles 1, 10, 13,15 (solely as to actions arising during the term of this Agreement, or as to activities conducted in the course of a Party's exercise of licenses surviving after the term of this Agreement), 16 and 17, and Sections 2.9(b), 2.9(c) and 2.9(d) (as applicable), 4.1(d), 5.2(a)(i), 8.4, 9.5 through 9.8 (solely to the extent provided in Sections 14.3 and 14.4), 9.9 through 9.13 (solely with respect to payments received following the effective date of termination or expiration), 11.2, 12.5(c), 12.5(d), 12.5(e), 12.5(f), 12.5(g), 14.2, 14.3, 14.4, 14.6, 14.7 and 14.8.

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14.8 Accrued Rights. Termination, relinquishment, or expiration of the Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of either Party prior to such termination, relinquishment, or expiration, including without limitation damages arising from any breach hereunder. Such termination, relinquishment, or expiration shall not relieve either Party from obligations that are expressly indicated to survive termination or expiration of the Agreement.

ARTICLE 15.
INDEMNIFICATION

15.1 Indemnification.

(a) AstraZeneca hereby agrees to indemnify, defend, and hold harmless Ardelyx, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Losses incurred by them resulting from or arising out of or in connection with any suits, claims, actions or demands made or brought by a Sublicensee or other Third Party (collectively, "**Third Party Claims**") against Ardelyx, its Affiliates or their respective employees, officers, directors or agents, that result from or arise out of (i) the Manufacture, use, handling, storage, sale, or other disposition of Licensed Products by AstraZeneca or its Affiliates, agents, Distributors, Sublicensees or other sublicensees in the Territory, (including, without limitation, Ardelyx's participation in the Detailing, Pre-Approval Activities and Other Promotional Activities associated with the disposition of Licensed Products in the U.S. Territory by Ardelyx), (ii) any AstraZeneca representation or warranty set forth herein being untrue in any material respect when made, (iii) the negligence or willful misconduct by or on behalf of AstraZeneca, its Affiliates, agents, Distributors, Sublicensees or other sublicensees, and (iv) breach of this Agreement by or on behalf of AstraZeneca or its Affiliates, except in any case, to the extent such Losses are Losses for which Ardelyx has an obligation to indemnify AstraZeneca, its Affiliates or their respective employees, officers, directors or agents pursuant to Section 14.3(l), 14.3(q) or Section 15.1(b), as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses.

(b) Ardelyx hereby agrees to indemnify, defend and hold harmless AstraZeneca, its Affiliates, and each of its and their respective employees, officers, directors and agents from an against any and all Losses incurred by them resulting from or arising out of or in connection with any Third Party Claims against AstraZeneca, its Affiliates or their respective employees, officers, directors or agents, that result from or arise out of (i) the Manufacture, use, handling, storage, sale or other disposition of Licensed Products by Ardelyx or its Affiliates, agents, distributors or sublicensees prior to the Effective Date or following the effective date of any termination of this Agreement, (ii) the negligence or willful misconduct by or on behalf of Ardelyx, its Affiliates, agents, distributors or sublicensees, (iii) any Ardelyx representation or warranty set forth herein being untrue in any material respect when made, (iv) breach of this Agreement by or on behalf of Ardelyx or its Affiliates, or (v) those activities for which Ardelyx agrees to indemnify AstraZeneca pursuant to Article 14; except in any case, to the extent such Losses are Losses for which AstraZeneca has an obligation to indemnify Ardelyx, its Affiliates or their respective employees, officers, directors or agents pursuant to Section 15.1(a), as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses.

15.2 Mechanism.

(a) In the event that a Party (the "**Indemnified Party**") is seeking indemnification under Section 15.1(a) or 15.1(b), it shall notify the other Party (the "**Indemnifying Party**") in writing of the relevant Third Party Claim and the relevant Loss for which indemnification is being sought as soon as reasonably practicable after it becomes aware of such claim. Each such notice shall contain a description of the Third Party Claim and the nature and amount of the Loss claimed (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any such Third Party Claim or Losses. For the avoidance of doubt, all indemnification claims in respect of a Party, its Affiliates, and each of its and their respective employees, officers, directors and agents shall be made solely by such Party to this Agreement. The Indemnified Party shall permit the Indemnifying Party to assume direction and control of the defense of the relevant Third Party Claim (including without limitation the right to settle the claim solely for monetary consideration), and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim. The assumption of the defense of a Third Party Claim by the Indemnifying Party shall not be construed as an acknowledgement that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's claim for indemnification.

(b) Notwithstanding Section 15.1, the failure to give timely notice to the Indemnifying Party shall not release the Indemnifying Party from any liability to the Indemnified Party to the extent the Indemnifying Party is not prejudiced thereby and, for the avoidance of doubt, the Indemnifying Party shall not be liable to the extent any Loss is caused by any delay by the Indemnified Party in providing such notice. Notwithstanding the provisions of Section 15.2(a) requiring the Indemnified Party to tender to the Indemnifying Party the exclusive ability to defend such claim, if the Indemnifying Party declines to or fails to timely assume control of the relevant Third Party Claim, the Indemnified Party shall be entitled to assume such control, conduct the defense of, and settle such claim, all at the sole costs and expense of the declining or failing Party; provided, however, that neither Party shall settle or dispose of any such claim in any manner that would adversely affect the rights or interests or admit fault, of the other Party without the prior written consent of such other Party, which shall not be unreasonably withheld, delayed or conditioned. Each Party, at the other Party's expense and reasonable request, shall cooperate with such other Party and its counsel in the course of the defense or settlement of any such claim, such cooperation to include without limitation using reasonable efforts to provide or make available documents, information, and witnesses.

15.3 Insurance. Each Party shall have and maintain such type and amounts of liability insurance covering the Manufacture, supply, use and sale of the Licensed Compounds and the Licensed Products as is normal and customary in the pharmaceutical industry generally for Persons similarly situated, and shall upon request provide the other Party with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto.

ARTICLE 16.
DISPUTE RESOLUTION

16.1 Referral of Disputes to the Parties Senior Executives. In the event of any dispute between the Parties arising out of or in connection with this Agreement, either Party may, by written notice to the other, have such dispute referred to the Senior Executives for attempted resolution by good faith negotiations within [***] after such notice is received.

16.2 Mechanism.

(a) If (i) Ardelyx at any time has a good faith belief that AstraZeneca may be in material breach of its obligations under Section 4.4, (ii) Ardelyx has notified AstraZeneca of its belief in writing and the Parties are not in agreement as to whether or not such breach under Section 4.4 exists, and (iii) the Parties have not resolved the dispute through good faith negotiations pursuant to Section 16.1 within the prescribed time, then Ardelyx shall have the right (but not the obligation) to request, through written notice to AstraZeneca (a "**Mediation Notice**") within thirty (30) days after the expiry of the time period set forth in Section 16.1, that the Parties shall attempt in good faith to settle such dispute by mediation administered by the American Arbitration Association ("**AAA**") under its Commercial Mediation Procedures. For clarity, Ardelyx shall not be obligated to exercise its right to initiate mediation pursuant to this Section 16.2(a) before initiating arbitration pursuant to Section 16.2(b). If Ardelyx's elects to exercise its right to initiate mediation within the prescribed time, then the following shall apply: If the Parties are unable to reach agreement on the selection of the mediator within fifteen (15) Business Days after AstraZeneca's receipt of the Mediation Notice from Ardelyx, then either or both Parties shall immediately request the AAA to select a mediator with the requisite background, experience and expertise in the biopharmaceutical industry to assist the Parties in resolving the dispute amicably. The place of mediation shall be New York City, New York, and all negotiations and communications shall be in English. The Parties shall have the right to be represented by counsel during the mediation. Each Party shall bear its own costs and expenses and attorneys' fees, and the Parties shall share equally all costs of engaging such mediator and using the AAA to mediate such matter. Any decisions or recommendations of the mediator shall be confidential and non-binding on the Parties. If the Parties are unable to resolve the dispute through mediation pursuant to this Section 16.2(a) within a period of ninety (90) days following AstraZeneca's receipt of the Mediation Notice from Ardelyx, then either Party shall thereafter have the right to refer the dispute to arbitration pursuant to Section 16.2(b).

(b) Subject to Sections 16.1 and 16.2(a), any dispute, controversy or claim arising out of or relating to this Agreement, including the existence, negotiation, validity, formation, interpretation, breach, performance or application of this Agreement shall be settled by binding arbitration administered by the AAA in accordance with its Commercial Arbitration Rules (or the AAA International Arbitration Rules, if recommended under the AAA guidelines), as such rules may be modified by this Section 16.2(b) or otherwise by subsequent written agreement of the Parties. The number of arbitrators shall be three (3), of whom the Parties shall select one (1) each. The two arbitrators so selected will select the third and final arbitrator. If the arbitrators selected by the Parties are unable or fail to agree upon the third arbitrator, the AAA shall select the third arbitrator. The place of arbitration shall be New York City, New York, and all

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proceedings and communications shall be in English. The Parties shall have the right to be represented by counsel. Any judgment or award rendered by the arbitrators shall be final and binding on the Parties. The Parties agree that such judgment or award may be enforced in any court of competent jurisdiction.

16.3 Preliminary Injunctions. Notwithstanding anything to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) on the ultimate merits of any dispute.

16.4 Patent Disputes. Notwithstanding anything to the contrary, any and all issues regarding the scope, inventorship, construction, validity, or enforceability of Patents shall be determined in a court of competent jurisdiction under the local patent laws of the jurisdictions having issued the Patents in question.

16.5 Confidentiality. All proceedings and decisions of the arbitrator(s) in connection with an arbitral proceeding pursuant to Section 16.2 shall be deemed Confidential Information of each of the Parties and shall be subject to Article 10.

ARTICLE 17.
MISCELLANEOUS

17.1 Assignment; Performance by Affiliates.

(a) Neither Party may assign any of its rights or obligations under this Agreement in any country in whole or in part without the prior written consent of the other Party, except that each Party shall have the right, without such consent, (i) to perform any of its obligations and exercise any of its rights under this Agreement through, and to assign all of its rights and obligations under this Agreement to, any of its Affiliates, so long as, [***]; and (ii) on written notice to the other Party, to assign all of its rights and obligations under this Agreement to a non-Affiliate successor in interest, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, to all or substantially all of the business to which this Agreement relates. In the event that a Party performs its obligations or exercises its rights under this Agreement through an Affiliate (without having assigned all of its rights and obligations to such Affiliate as permitted under this Section 17.1), doing so shall not relieve the relevant Party of its responsibilities for the performance of its obligations under this Agreement, and the relevant Party shall remain responsible and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance).

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(b) This Agreement shall survive any succession of interest permitted pursuant to Section 17.1(a)(ii), whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, provided, that, in the event of such merger,

consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, no Intellectual Property Rights of the acquiring corporation shall be included in the technology licensed hereunder, unless such Intellectual Property Rights arise as a result of the performance of this Agreement by such corporation after such transaction becomes effective.

(c) This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Any assignment not in accordance with this Agreement shall be void.

17.2 Force Majeure. In this Agreement, "**Force Majeure**" means an event which is beyond a non-performing Party's reasonable control, including an act of God, strike, lock-out or other industrial/labor disputes (whether involving the workforce of the Party so prevented or of any other Person), war, riot, civil commotion, terrorist act, epidemic, quarantine, fire, flood, storm, earthquake, natural disaster or compliance with any law or governmental order, rule, regulation or direction, whether or not it is later held to be invalid. A Party that is prevented or delayed in its performance under this Agreement by an event of Force Majeure (a "**Force Majeure Party**") shall, as soon as reasonably practical but no later than thirty (30) days after the occurrence of a Force Majeure event, give notice in writing to the other Party specifying the nature and extent of the event of Force Majeure, its anticipated duration and any action being taken to avoid or minimize its effect. Subject to providing such notice and to this Section 17.2, the Force Majeure Party shall not be liable for delay in performance or for non-performance of its obligations under this Agreement, in whole or in part, except as otherwise provided in this Agreement, where non-performance or delay in performance has resulted from an event of Force Majeure. The suspension of performance allowed hereunder shall be of no greater scope and no longer duration than is reasonably required and the Force Majeure Party shall exert all reasonable efforts to avoid or remedy such Force Majeure.

17.3 Further Actions. Each Party agrees to execute, acknowledge, and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

17.4 Notices. All notices hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (receipt verified), mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by internationally recognized overnight delivery service that maintains records of delivery, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice; provided, that notices of a change of address shall be effective only upon receipt thereof).

If to Ardelyx, addressed to:

Ardelyx, Inc.
34175 Ardenwood Blvd.
Fremont, CA 94555
Attention: Michael Raab, CEO
Facsimile: 510-745-0493

With a copy to:	Latham & Watkins LLP 140 Scott Drive Menlo Park, CA 94025-1008 Attention: Judith A. Hasko, Esq. Facsimile: (650) 463-2600
If to AstraZeneca, addressed to	AstraZeneca AB Attn: R&D Mölndal S-431 83 Mölndal Sweden Facsimile: [***]
With a copy to:	AstraZeneca AB Attn: Legal Department S-431 83 Mölndal Sweden Facsimile: [***]

17.5 Waiver. Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a waiver of any other of such Party's rights or remedies provided in this Agreement.

17.6 Severability. If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then (a) the remainder of this Agreement, or the application of such term, covenant, or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law, and (b) the Parties covenant and agree to renegotiate any such term, covenant, or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant, or condition of this Agreement or the application thereof that is invalid or unenforceable, it being the intent of the Parties that the basic purposes of this Agreement are to be effectuated.

17.7 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of Delaware, without giving effect to any conflict of law principle that would otherwise result in the application of the laws of any State or jurisdiction other than the State of Delaware.

17.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.9 Entire Agreement. This Agreement, including without limitation all exhibits attached hereto, sets forth all the covenants, promises, agreements, warranties, representations, conditions, and understandings between the Parties and supersedes and terminates all prior and contemporaneous agreements and understanding between the Parties, including without

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limitation the agreements and amendments set forth in Section 10.7. There are no covenants, promises, agreements, warranties, representations, conditions, or understandings, either oral or written, between the Parties other than as set forth in this Agreement. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

17.10 Limitation of Liability. EXCEPT IN CIRCUMSTANCES OF GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTION 15.1, IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES AND SUBLICENSEES BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, REVENUE, MILESTONES OR ROYALTIES. This Section 17.10 shall not limit either Party's obligations under Article 15.

17.11 No Partnership. It is expressly agreed that the relationship between Ardelyx and AstraZeneca shall not constitute a partnership, joint venture, or agency. Neither Ardelyx nor AstraZeneca shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party to do so.

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, the Parties have executed this Agreement in duplicate originals by their proper officers as of the Effective Date.

Ardelyx, Inc.		**AstraZeneca AB (publ)**	
By:	/s/ Mike Raab	By:	/s/ Gunnar Olsen
Title:	CEO	Title:	

[Signature Page to License Agreement]

EXHIBIT A

OUTLINE OF MATERIAL TERMS TO BE DESCRIBED IN THE INITIAL DEVELOPMENT PLAN

An outline of the key items to be included in the initial development plan is described here separated by discipline. The activities set forth in this Exhibit A will be described in greater detail in the Initial Development Plan and may be amended from time to time by the JPT or the DCC.

[***]

[Signature Page to License Agreement]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT B: LISTED PATENTS

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT C

SHORT FORM CONFIRMATORY LICENSE AGREEMENT

Date:

Parties:

(1) The "**Licensor**": having its registered office at .

(2) The "**Licensee**": having its registered office at .

Recitals:

By an Agreement (the "**Main Agreement"**) dated and made effective as of (the '**Effective Date**') between the Licensor and the Licensee the Licensor granted for the consideration therein contained to the Licensee a license under **[**Patent No **]** (the "**Patent**").

Operative provisions:

1. In accordance with the terms of, and for the consideration referred to in, the Main Agreement the Licensor hereby confirms that it has granted to the Licensee an exclusive license as of the Effective Date of the Main Agreement and for the term specified therein, under certain intellectual property rights, including the Patent, to research, develop, make, use, sell, offer for sale and import, and otherwise exploit Licensed Compounds and Licensed Products for the purpose of Developing, Manufacturing and Commercializing Licensed Products, on the terms set forth in the Main Agreement. Any capitalized terms not defined herein shall have the meaning provided in the Main Agreement.
2. If the Main Agreement is terminated in accordance with its terms, this License shall terminate upon the effective date of the termination of the Main Agreement.

IN WITNESS of which this Agreement has been executed as a deed and delivered the day and year first above written.

EXECUTED as a Deed by acting by:
[name of director**]** and:
[name of director/secretary**]**

EXECUTED as a Deed by acting by:
[name of director**]** and:
[name of director/secretary**]**

EXHIBIT D

MEMBERS OF THE JOINT PROJECT TEAM

FOR ASTRAZENECA

Project Leader

Name	Title	Email
1. [***]	[***]	[***]

Other Members

Name	Title	Email
1. TBD	[***]	
2. TBD	[***]	
3. TBD	[***]	
4. TBD	[***]	
5. TBD	[***]	
6. TBD	[***]	
7. TBD	[***]	
8. TBD	[***]	
9. TBD	[***]	
10. TBD	[***]	
11. TBD	[***]	
12. TBD	[***]	
13. TBD	[***]	
14. TBD	[***]	

AZ note on "TBD": project members will be deployed to the JPT promptly following the Effective Date.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

FOR ARDELYX INC.

Project Leader

Name	Title	Email
1. [***]	[***]	[***]

Other Members

Name	Title	Email
1. [***]	[***]	[***]
2. [***]	[***]	[***]
3. [***]	[***]	[***]
4. [***]	[***]	[***]
5. [***]	[***]	[***]
6. [***]	[***]	[***]
7. [***]	[***]	[***]
8. [***]	[***]	[***]
9. [***]	[***]	[***]
10. TBD	[***]	TBD

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT E

MEMBERS OF THE DEVELOPMENT COLLABORATION COMMITTEE (DCC)

FOR ASTRAZENECA

[***]

FOR ARDELYX INC.

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT F

THIRD PARTY CONTRACTORS APPROVED FOR USE BY ARDELYX

Contractor	Activity	Address
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT G

[INTENTIONALLY OMITTED]

EXHIBIT H

PROVISIONS ON INITIAL STUDIES

This Exhibit H sets out certain provisions regarding the conduct of the Initial Studies pursuant to Article 5 of the License Agreement entered into between AstraZeneca AB (Publ) ("AstraZeneca") and Ardelyx Inc. ("Ardelyx") on October 4th 2012 (the "Main Agreement"). Terms used but not separately defined in this Exhibit H shall have the meaning ascribed to such terms in the Main Agreement.

H.1 CLINICAL STUDY CONTRACTING

As Sponsor of the Initial Studies AstraZeneca shall have full review and approval rights of any clinical study agreement to be entered into with any study sites before finalization. The DCC shall promptly establish a process for the prompt and efficient approval of such clinical study agreements. Ardelyx will collaborate with AstraZeneca to comply with all necessary industry and regulatory requirement associated with contracting any contract research organization ("CRO") or other clinical research providers for the purpose of the Initial Studies. AstraZeneca is, if deemed suitable by both Parties, willing to contribute with a suitable agreement format for contracting CROs or other clinical research providers.

H.2 INVOICING REQUIREMENTS RELATED TO HEALTH CARE PROFESSIONALS AND HEALTH CARE ORGANISATIONS

AstraZeneca has developed a special invoicing procedure to comply with certain reporting obligations of payments to health care professionals and health care organizations **("ASPEN")**. Ardelyx will comply with the ASPEN process. AstraZeneca will make the process requirements available to Ardelyx.

H.3 CORPORATE INTEGRITY AGREEMENT

AstraZeneca has signed a Corporate Integrity Agreement ("**CIA**") with the Office of Inspector General of the US Department of Health and Human Services, and the terms of that CIA impose obligations on AstraZeneca and certain vendors, contractors, subcontractors and agents of AstraZeneca who fall within the definition of CIA Covered Persons, as defined below. The CIA is posted at http://oig.hhs.gov/fraud/cia/agreements/astrazeneca_04272010.pdf.

Ardelyx will comply with the AstraZeneca specific process developed to ensure compliance with CIA. Ardelyx agrees to require and ensure that any employee, agent, contractor or subcontractor of Ardelyx who meets the definition of a "CIA Covered Person" shall abide by the applicable CIA requirements. AstraZeneca will make the process requirements available to Ardelyx.

H.4 COMMITMENT TO RESPONSIBLE PRACTICES

A copy of the full AstraZeneca commitment to responsible sales and marketing practices document is set out in this Section H4 (including also the original signatures at the end.) Ardelyx acknowledges and agrees that, as AstraZeneca's contractor and partner, it will need to comply with all of the below provisions. When used below the words "we" or "us" or "our" or the like all refer to AstraZeneca.

AstraZeneca is dedicated to discovering and marketing new medicines designed to improve the health and quality of life of patients around the world, a mission that carries with it a responsibility to conduct business in a manner that ensures that we continue to be welcomed as a valued and trusted member of the scientific, healthcare, and global communities. We place great value on the quality of our relationships with healthcare professionals. Individual integrity, ethical conduct, and full compliance with the many laws and regulations that govern the healthcare community in the United States are essential constituents of these relationships.

To help ensure that our sales and marketing practices are conducted in a responsible manner, we make the following commitments:

PhRMA Code

We will comply with the PhRMA Code on Interactions with Healthcare Professionals. Our relationships with healthcare professionals will focus on the meaningful exchange of medical, scientific, and other health-related information, enhancement of the practice of medicine, and patient health.

Support for Medical Education

We will support medical education through grants to appropriate institutions or entities, not to individuals or physician practices. Where applicable, grants comply with ACCME and FDA guidelines, and we have no influence over the content of the program or the selection of speakers. AstraZeneca funds are not used to pay for the costs of travel, lodging, or other personal expenses of non-faculty healthcare professionals attending educational conferences or meetings.

Meals, Gifts, and Entertainment

We will provide a modest meal with a healthcare professional as a business courtesy under certain circumstances if the meal occurs in the context of providing health-related information. Because these meals are intended to facilitate a professional discussion, spouses or guests are not permitted to participate. Personal gifts or entertainment of any kind are not permitted. Educational items that enhance a healthcare professional's medical knowledge or assist with patient education may be offered to healthcare professionals if they are not of substantial value and are offered only occasionally. Under the same conditions, items primarily intended to educate patients or to enhance a patient's appropriate use of an AstraZeneca medicine may also be provided to healthcare professionals to offer to patients.

Compensation for Services

We will compensate appropriately selected healthcare professionals for legitimate services actually rendered, provided a signed contract exists and compensation is at fair market value.

Product Discussions

We will provide accurate and balanced information about our products that complies with FDA regulations and conforms to the full FDA-approved prescribing information. We do not promote off-label uses of our products, and we require healthcare professionals who speak on behalf of AstraZeneca to receive appropriate FDA regulatory training, including requirements related to on-label promotion, and to comply with all applicable AstraZeneca policies related to product promotion.

Patient Privacy

AstraZeneca respects the personal health information of patients. AstraZeneca will not disclose or otherwise use such personal health information without consent.

Samples

We will distribute samples in compliance with regulations to provide an opportunity for the physician and patient to determine tolerability and effectiveness in an appropriate patient. Samples may never be sold, redistributed, or submitted for payment.

Code of Conduct Help Line

AstraZeneca offers a Code of Conduct Help Line staffed by an independent third party to provide an opportunity to report concerns of potential violations of the AstraZeneca Code of Conduct or business policies or of unlawful conduct.

If you have questions or concerns relating to AstraZeneca sales and marketing practices, please visit www.azethics.com. You may also send e-mail to Compliance.Connection@AstraZeneca.com.

/s/ Rich Fante

Rich Fante

President, AstraZeneca US

/s/ Marie Martino

Marie Martino

US Compliance Officer

H.5 TRANSFER OF OBLIGATION

In accordance with 21CFR Part 312, Subpart D (responsibilities of Sponsor) Transfer of Obligations needs to be in written format and if decided upon by the AstraZeneca clinical team also be agreed at a more detailed level through a separate "Roles and Responsibility" document to be included/reflected in any clinical study agreement with the study sites and/or the CRO or other clinical research providers contracted for the purpose of the Initial Studies.

H.6 CLINICAL CAPABILITY PROCESS

AstraZeneca as a Sponsor of the Initial Studies needs to have assurances about the quality of the facilities, quality control systems and documentation, accreditations, etc. of the clinic performing the contracted work.

A basic process ("**Clinical Capability Process**") shall be authorized by the DCC to evaluate study sites, CROs and/or other clinical research providers before initiating any clinical study with respect to which AstraZeneca is the Sponsor, in relation to this Agreement.

The Clinical Capability Process may be modified depending on previous AstraZeneca knowledge or any assessments made by Ardelyx. The final decision about the manner and depth of the Clinical Capability Process will be made by the DCC once each study site, CRO other clinical research provider is identified.

AstraZeneca shall make Commercially Reasonable Efforts to assure that the Clinical Capability Process shall not be unduly burdensome or cause unreasonable delay in the conduct of any Clinical Study. If Ardelyx is conducting a Clinical Study and believes that a Clinical Capability Process is causing or will cause a delay in the conduct of a Clinical Study, it shall bring such concern to the attention of the JPT and the DCC, and the Parties shall work in accordance with the procedures outlined in the Agreement to resolve such concern.

Outline of Clinical Capability Process

While the operational details of the Clinical Capability Process shall be determined on a case-by-case basis for the DCC, each Clinical Capability Process shall have the general format provided in this section. AstraZeneca may first issue a CRO- or study site assessment-questionnaire covering the following areas:

- General information about CRO/study site
- Organisation/personnel
- Qualifications/training
- Facilities/Equipment
- Processes/procedures
- Clinical capability
- Monitoring
- Investigational product procedures
- Safety Procedures
- Data Handling
- Quality Assurance/audit function
- Studies conducted/references

Second, AstraZeneca personnel, including Medical Safety, IS/IT, Study Delivery Specialist and usually a co-ordinator, may visit the study site / CRO. This would typically involve evaluation of the CRO/study site capabilities by covering the following areas:

- CRO/study site services
- General Information
- CRO/study site Personnel and Training

- Investigator Recruitment and Monitoring
- Study Drug Handling
- Adverse Events
- Computer software and communication
- Electronic Data Capture (Standard Operating Procedures), Coding, Programming
- Archiving
- PK Laboratory Processing
- IRB Details
- Standard Operating Procedures
- Quality Assurance

AstraZeneca will make the full Clinical Capability Process documents available to Ardelyx.

H.7 CODE OF CONDUCT

Ardelyx represents, warrants and covenants that Ardelyx will comply with the ethical standards that are consistent with AstraZeneca's *Code of Conduct* (http://www.astrazeneca.com/responsibility), as described in AstraZeneca's *Responsible Procurement Supplier Expectation (v0.3May09).*

EXHIBIT I

MAIN TERMS FOR CO-PROMOTE AGREEMENT

The Co-Promote Agreement to be negotiated by the Parties pursuant to Section 7.8(b) of the Agreement shall contain the following main terms and conditions. Capitalized terms used but not separately defined in this Exhibit I shall have the meaning ascribed to such terms in the Agreement.

(i) Ardelyx shall Detail the Co-Promote Product to the designated target audience and perform agreed Pre-Approval Activities and Other Promotional Activities in accordance with the Commercialization Plan and in compliance with all Applicable Laws, including all relevant regulations and ethical standards regarding interactions with healthcare professionals. Ardelyx shall receive prior approval from AstraZeneca for any payments to health care professionals or health care institutions to safeguard that any fees paid are also in line with the AstraZeneca view on Fair Market Value health care professionals. Ardelyx shall further comply with AstraZeneca's then-current compliance and business policies for promoting pharmaceutical products and the applicable provisions of any corporate integrity agreement ("**CIA**") to which AZ (or its applicable Affiliate) is then subject.

(ii) Ardelyx shall provide a fully trained sales force with a designated number of sales representatives for the promotion of the Co-Promote Product under the terms of the Co-Promote Agreement (the "**Ardelyx Sales Force**"). Ardelyx shall bear all costs of general training of its sales force. The Ardelyx Sales Force shall meet AstraZeneca's requirements (which shall be consistent with industry standards and AstraZeneca's requirements for its own internal sales force, and which shall be set out in the Co-Promote Agreement).

(iii) Ardelyx shall permit AstraZeneca's compliance and sales and marketing management personnel, upon the request of AstraZeneca, to attend and participate in sales meetings of the Ardelyx Sales Force that relate to the Co-Promote Product, provided that AstraZeneca shall bear the costs of travel and attendance at such meetings for its own personnel.

(iv) Ardelyx shall have the right to review the guidelines for the use of its trademarks (if any) in connection with the Co-Promote Product. Such guidelines shall be subject to Ardelyx's prior written approval, not to be unreasonably withheld, and all promotional materials containing such trademarks shall comply in all material respects with such guidelines. Any such materials that specifically refer to Ardelyx shall be subject to prior review and, to the extent of references to Ardelyx, approval by Ardelyx, such approval not to be unreasonably withheld.

(v) AstraZeneca shall bear all costs and expenses of preparing and producing advertising and education materials for Co-Promote Product.

(vi) AstraZeneca shall reimburse Ardelyx for its activities on a per-Detail fee basis at the Detail Rate, such reimbursement to be paid for each Calendar Quarter during which such activities have been performed (where such fee shall amount to the number of reimbursable Details actually performed by Ardelyx during each foregoing Calendar Quarter, multiplied by the Detail Fee). In no event shall AstraZeneca pay any compensation to Ardelyx for Details performed by Ardelyx in excess of the target number agreed in the Commercialization Plan,

except to the extent otherwise approved by AstraZeneca in writing. AstraZeneca shall reimburse Ardelyx for its Other Promotional Activities and Pre-Approval Activities (if any) at the Promotion FTE Rate for each Calendar Quarter during which such activities have been performed (where such fee shall amount to the time allocated to such activities actually performed by Ardelyx during each foregoing Calendar Quarter, multiplied by the Promotion FTE Rate). Ardelyx shall submit invoices to AstraZeneca for reimbursement hereunder at the beginning of each Calendar Quarter, which invoices shall provide information regarding the number of Details, and (if applicable) Other Promotional Activities and Pre-Approval Activities, performed by Ardelyx during the previous Calendar Quarter. AstraZeneca shall pay such invoices within thirty (30) days of receipt thereof.

(vii) The Ardelyx Sales Force shall not promote products that compete with the Co-Promote Product or with any other product being actively promoted by or on behalf of AstraZeneca or its Affiliates. The Parties will further define in the Co-Promote Agreement what constitutes a competing product for the purpose of the foregoing.

(viii) Ardelyx shall keep complete and accurate books and records pertaining to the performance of its obligations under the Co-Promote Agreement. Ardelyx shall further cause the Ardelyx Sales Force to report all Detailing activities, and Other Promotional Activities and Pre-Approval Activities, in accordance with procedures specified in the Commercialization Plan or the Co-Promote Agreement.

(ix) AstraZeneca shall have the right to engage an independent third party auditor to conduct an audit of Ardelyx's Detailing activities, which audit shall include the number of target physicians visited. AstraZeneca shall further have the right, at its sole expense, to engage an independent Third Party auditor to conduct market research on the Details performed by Ardelyx to assess the effectiveness of the Details performed by Ardelyx.

(x) If AstraZeneca commences an internal product quality investigation with respect to the Co-Promote Product in the U.S. Territory, it shall promptly notify and consult with Ardelyx regarding such investigation. Further, if either Party believes that a recall or withdrawal of the Co-Promote Product is necessary in the U.S. Territory, such Party shall notify and consult with the other Party within five (5) Business Days of its determination and both Parties shall cooperate, through the SCC, to effect such recall or withdrawal. In the event of a dispute about whether to recall or withdraw the Co-Promote Product in the U.S. Territory, AstraZeneca shall make such determination. In all circumstances, all expenses relating to the conduct of any recall or withdrawal of Licensed Products, including, without limitation, all expenses related to establishing and maintaining a call center and responding to consumer and physician inquiries, shall be borne solely by AstraZeneca.

EXHIBIT J

INITIAL SUPPLY

Any capitalized terms used but not separately defined in this Exhibit J shall have the meaning ascribed to them in the main body of the Agreement.

The Initial Supply from Ardelyx to AstraZeneca, or to Ardelyx internally where Ardelyx has been assigned (either by the DCC or under the terms of the Agreement) the lead responsibility for the conduct of the Clinical Trial for which the supply is intended, shall include those GMP quantities of Lead Licensed Compound or Lead Licensed Product, and those development activities, in either case, approved by the DCC. As of the Effective Date of the Agreement, the DCC has not been convened. Therefore, the Parties have agreed that the following provisions shall govern the Manufacture and delivery of the Initial Supplies necessary to conduct the Initial Studies and the IBS-C Study, as well as those additional Initial Supplies discussed below.

a. Ardelyx shall supply between [***] of drug substance (with the exact amounts to be determined by the Parties as soon as possible) for the conduct of 6 and 9 month general toxicity studies and two (2) year carcinogenecity studies including a [***] and necessary quality documentation. Such quantities shall be delivered between [***] and [***] after the Effective Date in a [***] which is jointly agreed between the Parties.

b. Ardelyx shall supply approximately [***] of drug substance to AstraZeneca to enable AstraZeneca to [***] by AstraZeneca . Such drug substance shall be [***] which shall be agreed by the Parties as soon as possible and suitable for the process development and scale up of a solid formulation. Such drug substance shall be delivered as soon as possible after the Effective Date and no later six (6) months after the Effective Date.

c. Ardelyx shall supply approximately [***] of GMP grade drug substance to AstraZeneca to enable [***] for the [***]. Such drug substance shall be delivered [***] to [***] after the Effective Date in a form suitable for the introduction into product manufacture, as agreed by the Parties.

d. To the extent it has not already done so, Ardelyx shall make available to AstraZeneca in a format reasonably requested by AstraZeneca, all Information relating to development and manufacturing of Lead Licensed Compound including development and manufacturing reports, quality and regulatory documentation necessary or useful to enable AstraZeneca to successfully continue development of the Lead Licensed Compound manufacturing methodology for the conduct of Phase 2b and Phase 3 Clinical Trials and the compilation of regulatory submissions for the conduct of the Clinical Trials as soon as possible after the Effective Date and continuously as is reasonably necessary until AstraZeneca is in a position to assume responsibility for the development and supplies without the aid of Ardelyx.

e. Ardelyx shall manufacture and supply between [***] and [***] units of Lead Licensed Product (i.e. drug product) for the conduct of the Initial Studies and Clinical Pharmacology Studies including regulatory submissions and distribution to study sites for

the Initial Studies. The Parties shall agree upon more exact quantities as soon as possible. Such unit numbers shall include matching placebo and varying drug strengths for the ESRD Study and shall be delivered within [***] to [***] after the Effective Date. In addition, Ardelyx shall manufacture and supply between [***] and [***] units including placebo and varying drug strengths (with the more exact amounts to be agreed upon by the Parties as soon as possible) for the CKD Study, and such quantities shall be delivered [***] to [***] after the Effective Date.

f. Ardelyx shall continue its already started development of [***]. Ardelyx shall undertake sufficient in vitro testing and manufacture of drug product to [***], and including providing the relevant Regulatory documentation, to support the Clinical Pharmacology Studies, , which testing and manufacture shall be completed no later than [***] after the Effective Date.

The supplies and activities set forth in this Exhibit J may be amended from time to time by the JPT or the DCC; provided, should the DCC or JPT alter any of the provisions hereof after the Effective Date and after Ardelyx has signed contracts to commence the performance of its obligations hereunder, any costs and expenses incurred by Ardelyx as a result of the amendment of the supplies and activities set forth herein shall be Development Expenses reimbursed to Ardelyx by AstraZeneca in accordance with the Agreement. Ardelyx shall report the progress of the items listed above to AstraZeneca's appointed Pharmaceutical Development contacts, on a weekly basis. Ardelyx shall also consult AstraZeneca prior to making any critical decisions with material impact on further development, e.g. [***] and packaging materials, stability testing protocols, quality specifications and analytical testing methodology, choice of starting materials and sourcing of these etc.

EXHIBIT K

MAIN TERMS FOR MANUFACTURING AND SUPPLY AGREEMENT AND QA AGREEMENT

The Manufacturing and Supply Agreement ("**MSA**") and Quality Assurance Agreement ("**QAA**") to be executed by the Parties pursuant to Section 8.1 of the License Agreement entered into between AstraZeneca AB (publ) and Ardelyx Inc. on October 4th 2012 (the "**Main Agreement**") shall contain the following main terms and conditions. Capitalized terms used but not separately defined in this Exhibit K shall have the meaning ascribed to such terms in the Main Agreement.

A SUPPLY

1. Ardelyx will use subcontractors to manufacture and supply Lead Licensed Product and Lead Licensed Compound for use by the Parties under the Main Agreement, and Ardelyx shall enter into, or maintain contractual relationships with its subcontractors that are consistent with the provisions set forth herein. Ardelyx shall not engage or make use of any subcontractors other than those expressly authorized in the Main Agreement or otherwise expressly authorized by the DCC (each, an "**Approved Subcontractor**"). No such subcontract shall release Ardelyx from any of its obligations under the MSA or the QAA except to the extent such obligations are satisfactorily performed by such Approved Subcontractor in accordance with the MSA and the QAA.

2. With respect to those quantities of Lead Licensed Product and Lead Licensed Compound to be utilized by Ardelyx in the performance of the Assigned Activities ("**Ardelyx Consumed Materials**"), Ardelyx shall place orders directly with the Approved Subcontractors and arrange for delivery as necessary to permit Ardelyx to complete its Assigned Activities. Title and risk of loss for the Ardelyx Consumed Materials shall pass directly from the Approved Subcontractor to Ardelyx. Ardelyx shall be reimbursed for the Ardelyx Consumed Materials as Development Expenses under the Main Agreement.

3. With respect to those quantities of Lead Licensed Product to be utilized by AstraZeneca in the exercise of its rights or the performance of its obligations under the Main Agreement (the "**AstraZeneca Consumed Materials**"), the MSA shall set forth provisions under which AstraZeneca shall place purchase orders with Ardelyx, or utilize other suitable procedures to formally buy Lead Licensed Products and Lead Licensed Compounds from Ardelyx and the Parties shall agree and include in the MSA, a mechanism for defining the lead-times for all such AstraZeneca Consumed Materials ordered thereby. Delivery shall be DDP in accordance with the INCOTERMS 2010 to an address specified by AstraZeneca. Title shall pass to AstraZeneca on delivery to AstraZeneca or its designee.

B QUALITY

1. A Quality Assurance Agreement shall be negotiated in good faith between the Parties and shall include all appropriate provisions as would normally be contained in such an agreement.

2. Each of the Parties agree and acknowledge that the Lead Licensed Products and Lead Licensed Compounds must satisfy appropriate specifications and associated tests, details of which shall be set out in the QAA, and a mechanism for handling any defective products shall be agreed and included in the QAA.

C PRICING

Each Party agrees that the pricing provisions set out in Section 8.1 of the Main Agreement shall be incorporated into the terms of the MSA.

D LEGAL AND REGULATORY REQUIREMENTS

Appropriate provisions shall be included in the MSA to ensure that each Party complies with all relevant local, national and international legal or regulatory requirements and other relevant requirements applicable to the manufacture, handing, transport and storage of all Lead Licensed Products and Lead Licensed Compounds at all times.

E DOCUMENT RETENTION

Appropriate provisions shall be included in the MSA with regard to maintaining appropriate documentation for patent and regulatory purposes and in full compliance with all Applicable Laws.

F PRODUCT SECURITY AND WASTE DISPOSAL

Appropriate provisions shall be included in the MSA with regard to product security and waste handling.

G CODE OF CONDUCT

Appropriate provisions shall be included in the MSA with regard to Ardelyx's compliance with AstraZeneca's Responsible Procurement Supplier Expectation.

H OWNERSHIP OF RESULTS AND BACKGROUND IPR

The provisions regarding ownership of results and IPR in the Main Agreement will be reflected as appropriate in the MSA.

I REPRESENTATIONS, WARRANTIES AND COVENANTS

1. Ardelyx agrees and acknowledges that in addition to the representations and warranties contained in the Main Agreement, Ardelyx will be required to provide additional representations and warranties within the MSA, including (but not limited to) as to the following:

   (a) that it has full power and authority, and has taken all necessary actions and has obtained all necessary authorizations, licenses, consents and approvals required, to execute and perform the MSA, and

   (b) that its retention as a supplier by AstraZeneca and its performance of the MSA do not, and shall not, breach any agreement with any other third party.

2. The warranties set out in Section 12.3 of the main agreement shall be repeated in the MSA.

J TERM

The MSA shall remain in place until such time as AstraZeneca has established its manufacturing capability in accordance with Article 8 of the Main Agreement.

K GENERAL PROVISIONS

Each of the Parties agree and acknowledge that the MSA will contain a number of provisions which shall be consistent with provisions in the body of the Main Agreement, including Confidentiality, Assignment, Governing Law and Dispute Resolution.

EXHIBIT L

INVOICING REQUIREMENTS

Subject to the instructions below regarding payments to Health Care Professionals or Health Care Organizations, invoices should be sent to:

AstraZeneca AB
[***]

Invoice shall contain the following information:

a. AstraZeneca's Agreement ID: [***]
b. the number and date of invoice
c. the latest date of payment according to Agreement
d. description of services
e. name and address of Ardelyx
f. Ardelyx VAT registration number or EIN/TaxID,
g. AstraZeneca's VAT registration number SE556011748201(in EC),
h. VAT rate (%), if any,
i. taxable amount per VAT rate, if any,
j. VAT amount, if any
k. legal reference or explanation when VAT is excluded,
l. invoice amount and currency,
m. bank details, preferably IBAN code, otherwise account number and bank code, and
n. SWIFT-address.

Invoicing related to payments made to Health Care Professionals or Health Care Organizations should be invoiced according to ASPEN invoicing requirements described in Exhibit H of this Agreement

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT M

SUBJECT MATTER OF PROPOSED PUBLICATIONS BY ARDELYX

	Short title	Main content
1.	RDX5791 in a preclinical model of hypertension	Pharmacodynamic response (Urine Na, fecal Na) and pharmacokinetics in rats. Evaluation of RDX5791 in a 5/6th rat model with high Na diet, alone or combined with enalapril. Study endpoints: Hemodynamics, bioimpedance, proteinuria, heart and renal damage Reference studies: • RDX5791-PK-01 to RDX5791-PK-10 • RDX5791-EF-03 • RDX5791-EF-08 • RDX5791-EF-09
2.	RDX5791 in preclinical models of IBS and [***]	Evaluation of RDX5791 in a stress-induced visceral hypersensitivity model (colorectal distension) in rats. [***] Referenced studies: • RDX5791-PK-08.00 • RDX5791-EF-05 • [***]
3.	RDX5791 evaluation in healthy volunteers	Pharmacodynamic response (Urine Na, fecal Na, urine K, Ca) and pharmacokinetics in healthy volunteers; Effect of dose regimen and escalation. Reference Studies: • RDX5791-101 • RDX5791-102

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT N

DRAFT PRESS RELEASE

[*see attached*]

[Ardelyx Logo]
Draft not for distribution

ASTRAZENECA AND ARDELYX ANNOUNCE WORLDWIDE LICENSING DEAL FOR NHE3 INHIBITOR PROGRAMME FOR COMPLICATIONS OF RENAL DISEASE INCLUDING DIABETES-INDUCED RENAL DISEASE

4 October 2012

AstraZeneca and Ardelyx today announced a worldwide exclusive licensing agreement for Ardelyx's NHE3 inhibitor programme, including the Phase 2-ready lead compound RDX5791, for the treatment of complications associated with end-stage renal disease (ESRD) and chronic kidney disease (CKD). NHE3 is the sodium–hydrogen antiporter 3, a protein essential in the re-absorption of sodium in the intestines.

Ardelyx has evaluated RDX5791 in a Phase 2a clinical trial in constipation-predominant irritable bowel syndrome (IBS-C) and in two Phase 1 clinical studies in healthy subjects for its ability to divert sodium absorption in the gastrointestinal tract. Through its unique mechanism of action, RDX5791 is believed to decrease the absorption of dietary sodium and thus divert sodium excretion from the kidney (urine) to the faeces, sparing the kidney and the cardiovascular system from unhealthy exposure of both sodium and fluid accumulation. On this basis, the companies plan to develop RDX5791 for use in ESRD and CKD in addition to IBS-C, and intend to evaluate possible development in other diseases that are a consequence of sodium and fluid overload.

Under the terms of the agreement, AstraZeneca will pay $35 million up front, with development milestones of $237.5 million and milestones related to launch and commercialization, as well as tiered, double-digit royalties. AstraZeneca will assume the subsequent development costs and Ardelyx will conduct clinical trials through Phase 2. As part of the transaction, Ardelyx has secured an option to co-promote the product in the US. Additional financial details were not disclosed.

"This licensing agreement accelerates our strong commitment to developing new medicines for people with renal complications, including those resulting from diabetes," said Gunnar Olsson, Vice President and Head of CVGI Innovative Medicines, AstraZeneca. "There is a significant unmet medical need to address the challenges caused by sodium and excess fluid in people with renal impairment. With a novel mechanism of action, RDX5791 has the potential to have a major impact on how doctors treat these patients. We are tremendously excited to join forces with the Ardelyx team and draw on their depth of knowledge and insight."

"We've been impressed with our interactions with AstraZeneca throughout this process and are confident with their commitment to develop this molecule successfully. AstraZeneca has been aggressive about pursuing novel medicines, making them

among the best possible worldwide partners for validating Ardelyx's unique approach to drug development," commented Mike Raab, CEO of Ardelyx. "RDX5791 is our first clinical example of how our technology can be used to develop non-absorbed, small molecule therapeutics. We are delighted that AstraZeneca recognizes the potential of this compound."

– ENDS –

NOTES TO EDITORS

About Ardelyx

Ardelyx targets specific gut transporters and receptors with drugs that address important medical issues in cardiovascular disease, diabetes and chronic kidney disease. With its approach, Ardelyx has developed drug candidates that exhibit restricted absorption across the gastrointestinal (GI) epithelia, thereby acting locally and specifically in the GI tract while avoiding systemic exposure and the potential for related systemic side effects. Until today, relatively few examples of non-systemic drugs have been developed and most of those are based on polymeric binders; Ardelyx is pioneering novel non-systemic drugs based on small molecules which may require lower doses and exhibit improved drug properties.

The Company's lead product, RDX5791, a minimally-absorbed, orally administered NHE3 sodium transport inhibitor, is being developed both for constipation-predominant irritable bowel syndrome (IBS-C) and for prevention of sodium overload in patients with kidney and heart disease. Additionally, Ardelyx has other products in early development for type 2 diabetes and renal disease. To date, Ardelyx has raised $56.0 million in venture and angel funding since it was founded in 2007. Ardelyx is located in Fremont, California. For more information, visit Ardelyx's website at www.ardelyx.com.

About AstraZeneca

AstraZeneca is a global, innovation-driven biopharmaceutical business with a primary focus on the discovery, development and commercialisation of prescription medicines for gastrointestinal, cardiovascular, neuroscience, respiratory and inflammation, oncology and infectious disease. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. For more information please visit: www.astrazeneca.com

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Exhibit 10.1(b)

AMENDMENT NUMBER ONE

TO

LICENSE AGREEMENT

BY AND BETWEEN

ASTRAZENECA AB

AND

ARDELYX, INC.

DECEMBER 23, 2013

AMENDMENT NUMBER ONE TO LICENSE AGREEMENT

This Amendment Number One to License Agreement ("**Amendment One**") is entered into as of the 23rd day of December, 2013 (the "**Amendment One Effective Date**") by and between **AstraZeneca AB (publ)**, a Swedish corporation with corporate identity no. 556011-7482 and a place of business at 431 83 Molndal, Sweden ("**AstraZeneca**") and **Ardelyx, Inc.** a Delaware corporation having its principal place of business at 34175 Ardenwood Boulevard, Fremont, California United States of America 94555 ("**Ardelyx**"). Ardelyx and AstraZeneca are sometimes referred to herein individually as a **"Party**" and collectively as the "**Parties**."

RECITALS

Whereas, AstraZeneca and Ardelyx are parties to that certain License Agreement dated as of October 4, 2012 (the "**Agreement**"), establishing a license and collaboration between the Parties for the further development and commercialization of RDX5791 (known as of the Amendment One Effective Date as AZD1722) and its back-up compounds.

Whereas, the Parties desire to amend certain terms and conditions of the Agreement in the manner set forth in this Amendment One.

Now Therefore, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. DEFINITIONS

1.1 Capitalized Terms. Capitalized terms not defined in this Amendment One shall have the meaning assigned in the Agreement.

1.2 Ardelyx [***] **Patents.** The definition of Ardelyx [***] Patents shall be revised to read in full as follows:

"**Ardelyx** [***] **Patents** shall mean Patents (i) [***], (ii) that cover or claim inventions necessary or useful to Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product, and (iii) with respect to which AstraZeneca has not exercised the Exclusion Option."

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

1.3 Licensed Patents. The definition of Licensed Patents shall be revised to read in full as follows:

"**Licensed Patents** shall mean (i) all of the Listed Patents, (ii) [***], and (iii) all Ardelyx Sole Invention Patents; provided that in the case of (ii) and (iii) above, such Patents (a) cover or claim any Licensed Compound or Licensed Product, or (b) cover or claim any invention necessary or useful for the Exploitation of Licensed Compounds or Licensed Products; and provided, further that prior to the Amendment One Effective Date, [***] shall not be Licensed Patents. Licensed Patents exclude Ardelyx [***] Patents."

1.4 New Definitions. The following shall be added as new defined terms in Section 1.1 of the Agreement:

"Constipation Related Disorder Indication Demonstration of Decision to Proceed" shall have the meaning assigned in Section 5.2(a)(iii)."

"**Demonstration of Decision to Proceed"** shall mean the Constipation Related Disorder Indication Demonstration of Decision to Proceed and the Other Indications Demonstration of Decision to Proceed."

"International Co-ordinating Investigator" shall mean an external (i.e. not employed by AstraZeneca or its Affiliates) physician assigned by or on behalf of AstraZeneca or its Affiliates with the responsibility for the coordination of investigators at different centres participating in a multicentre Clinical Trial for a Licensed Product. AstraZeneca agrees to provide Ardelyx with written notice of the designation of each International Co-ordinating Investigator so assigned by AstraZeneca prior to the end of the Notification Period, and written notice of any change to such designation within five (5) days of such change being made. "

"**Other Indications Demonstration of Decision to Proceed**" shall have the meaning assigned in Section 5.2(a)(ii)."

"[***] **Patents"** shall mean the following United States Provisional Patent Applications: [***], and any such Patents claiming priority to such Patents."

"Planned Phosphate 2b Clinical Trial" means the Phase 2b Clinical Trial (No. D5613C00001) of the Lead Licensed Compound in hyperphosphatemia in patients with ESRD that is – as of the Amendment One Effective Date – planned to be conducted by or on behalf of AstraZeneca.

The Parties acknowledge and agree that for the purposes of this Agreement the Planned Phosphate 2b Clinical Trial, as currently (as of the Amendment One

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Effective Date) proposed to be designed, shall not be deemed to constitute a Phase 3 Clinical Trial. However, the Parties further acknowledge and agree that the Planned Phosphate 2b Clinical Trial may be deemed to constitute a Phase 3 Clinical Trial solely in the event that (a) the design of the Planned Phosphate 2b Clinical Trial, as manifested by a subsequent (i.e. following the Amendment One Effective Date) submission to the applicable Regulatory Health Authority, is modified in any material respect, including, without limitation, a material extension of the treatment duration of the Planned Phosphate 2b Clinical Trial, such that the Planned Phosphate 2b Clinical Trial can actually be used as a pivotal study for purposes of seeking Regulatory Approval or (b), following completion of the Planned Phosphate 2b Clinical Trial, AstraZeneca seeks and obtains confirmation from the Regulatory Health Authority that the Planned Phosphate 2b Clinical Trial can be used as a pivotal study for purposes of seeking Regulatory Approval, where such confirmation shall be deemed to have been obtained when (but not before) (i) the first meeting with the Regulatory Health Authority that is convened for the purpose of discussing the end of the Planned Phosphate 2b Clinical Trial has occurred, and (ii) the minutes of such meeting prepared by the Regulatory Health Authority confirm concurrence by the Regulatory Health Authority that the Planned Phosphate 2b Clinical Trial can be used as a pivotal study for the purposes of seeking Regulatory Approval.

ARTICLE 2. SECTION 2.9(e) OF THE AGREEMENT

Section 2.9(e) of the Agreement shall be deleted in its entirety and replaced with the following:

"(e) With respect to the Listed Patents and [***], Ardelyx covenants that for the duration of the Term, neither Ardelyx nor any of it Affiliates shall directly or indirectly (i) seek to [***], or [***] any rights to, any [***], (ii) grant any [***] in respect of the [***]; or (iii) seek to [***] unless expressly permitted by this Agreement."

ARTICLE 3. SECTION 5.2 OF THE AGREEMENT

Section 5.2 of the Agreement shall be deleted in its entirety and replaced with the following:

"Section 5.2 AstraZeneca's Option During the Notification Period.

(a) At any time following the Amendment One Effective Date and prior to [***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[***] (the "**Notification Period"**), AstraZeneca may either,

(i) terminate this Agreement in its entirety effective thirty (30) days after having provided written notice of termination to Ardelyx, which termination shall be an AZ Triggered Termination subject to the provisions of Section 14.3. Notwithstanding the termination of this Agreement under this Section 5.2(a)(i), or any other termination at will under Section 14.2(b), AstraZeneca shall remain obligated to reimburse Ardelyx for its Development Expenses incurred in connection with its performance of the IBS-C Study, whether incurred prior to or on or after the effective date of such termination, up to a maximum amount of [***]; or

(ii) demonstrate its decision to proceed with Clinical Development of a Licensed Product for any indication other than a Constipation Related Disorder Indication, and pay the amount set forth in Section 9.2(b) of this Agreement, with such demonstration of its decision to so proceed being deemed to have been made at the earlier to occur of [***]; (the earlier to occur of (X), (Y) and (Z) being an "**Other Indications Demonstration of Decision to Proceed**"); it being agreed that no event or circumstance other than (X), (Y) or (Z) as per this Section 5.2(a)(ii) or a notification pursuant to Section 5.2(a)(iv), occurring within the Notification Period, shall trigger an obligation for AstraZeneca to pay the amount set forth in Section 9.2(b)); or

(iii) demonstrate its decision to proceed with Clinical Development of a Licensed Product for a Constipation Related Disorder Indication, and pay the amount set forth in Section 9.2(c) of this Agreement, with such demonstration of its decision to so proceed being deemed to have been made at the earlier to occur of [***]

[***] (the earlier to occur of (X), (Y) and (Z) being a "**Constipation Related Disorder Indication Demonstration of Decision to Proceed**"); it being agreed that no event or circumstance other than (X), (Y) or (Z) as per this Section 5.2(a)(iii), occurring within the Notification Period, shall trigger an obligation for AstraZeneca to pay the amount set forth in Section 9.2(c); or

(iv) notify Ardelyx in writing, such notice given in accordance with Section 17.4 and expressly referencing this Section 5.2(a)(iv), of its decision to make the payment under Section 9.2(b).

(b) If prior to the end of the Notification Period, a Demonstration of Decision to Proceed has not occurred under subsections (ii) or (iii) of Section 5.2(a); AstraZeneca has not provided Ardelyx with the written notification described in subsection (iv) of Section 5.2(a); or AstraZeneca has not terminated this Agreement under subsection (i) of Section 5.2(a), then this Agreement shall be deemed terminated by AstraZeneca in its entirety upon the expiry of the Notification Period, and the consequences set forth in subsection (i) of Section 5.2(a) shall apply. Furthermore and for the avoidance of doubt, if an Other Indications Demonstration of Decision to Proceed occurs, then Section 4.4 shall not be construed to require AstraZeneca to use Commercially Reasonable Efforts to pursue Development of Licensed Products for a Constipation Related Disorder Indication for so long as AstraZeneca pursues any indication that is not a Constipation Related Disorder Indication.

(c) For the avoidance of doubt, this Section 5.2 sets out AstraZeneca's options during the Notification Period and AstraZeneca's obligations to make certain payment upon the occurrence of the relevant triggering event as set forth in this Section 5.2 and Section 9.2. However, this Section 5.2 is not intended, and shall not be construed to, limit in any way AstraZeneca's ability to Exploit the Licensed Compounds or Licensed Product or otherwise exercise the License and other rights granted to it under this Agreement during the Term."

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE 4. SECTION 9.2 OF THE AGREEMENT

Section 9.2 of the Agreement shall be deleted in its entirety and replaced with the following:

"Section 9.2 Additional Payments.

(a) Within five (5) days of the Amendment One Effective Date, AstraZeneca shall pay to Ardelyx a nonrefundable, one-time amount of fifteen million U.S. dollars (U.S. $15,000,000), against an invoice received by AstraZeneca from Ardelyx fulfilling the requirements set forth in Section 9.12, which invoice may be sent on or after the Amendment One Effective Date. The payment pursuant to this Section 9.2(a) shall not be creditable against any other payments AstraZeneca is obligated to make to Ardelyx under the Agreement or this Amendment One.

(b) Following [***], AstraZeneca shall pay Ardelyx a nonrefundable, one-time amount of twenty million U.S. dollars (U.S. $20,000,000); provided, however, that if at such time as a payment is due under this Section 9.2(b), [***], then the amount due under this Section 9.2(b) shall be reduced to ten million U.S. dollars (U.S. $10,000,000). Payment under this Section 9.2(b) shall be made to Ardelyx within [***] after AstraZeneca's receipt of an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such [***]. The payment pursuant to this Section 9.2(b) shall not be creditable against any other payments that AstraZeneca is obligated to make to Ardelyx under this Agreement or this Amendment One.

(c) Following [***], AstraZeneca shall pay Ardelyx a nonrefundable, one-time payment of ten million U.S. dollars (U.S. $10,000,000); provided, however, that if at such time as a payment is due under this Section 9.2(c), [***], then no additional payment shall be due under this Section 9.2(c). Payment under this Section 9.2(c) shall be made to Ardelyx within [***] after AstraZeneca's receipt of an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such [***]. The payment pursuant to this Section 9.2(c) shall not be creditable against any other payments that AstraZeneca is obligated to make to Ardelyx under this Agreement or this Amendment One.

(d) If (i) within a period of [***] after the end of the Notification Period, [***], (ii) [***], and (iii) [***], then AstraZeneca shall pay Ardelyx a

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

nonrefundable, one-time payment of ten million U.S. dollars (U.S. $10,000,000) within [***] after AstraZeneca's receipt of an invoice from Ardelyx (fulfilling the requirements set forth in Section 9.12) following such [***]. The payment pursuant to this Section 9.2(d) shall not be creditable against any other payments that AstraZeneca is obligated to make to Ardelyx under this Agreement or this Amendment One."

ARTICLE 5. SECTION 11.4(d) OF THE AGREEMENT

Section 11.4(d) of the Agreement shall be deleted in its entirety and replaced with the following:

"(d) Other than as described in Section 11.4(e) and 11.4(f) below, after the Effective Date, the Party prosecuting patent applications and maintaining Patents pursuant to this Section 11.4 shall be solely responsible for all costs and expenses associated with the filing, prosecution and maintenance of such Patents. For the avoidance of doubt, Ardelyx is responsible for all costs and expenses incurred prior to the Amendment One Effective Date in filing [***]."

ARTICLE 6. SECTION 14.3(c) OF THE AGREEMENT

Section 14.3(c) of the Agreement shall be amended to add [***] such that those subsections shall each read in full as follows:

[***]

[***]

ARTICLE 7. MISCELLANEOUS

7.1 Governing Law. This Amendment One shall be governed by and interpreted under the laws of the State of Delaware, without giving effect to any conflict of law provision that would otherwise result in the application of the laws of any State or jurisdiction other than the State of Delaware.

7.2 Entire Agreement. This Amendment One, together with the Agreement, constitutes the entire agreement between the Parties with respect to

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

the subject matter of the Agreement. The Agreement together with this Amendment One supersedes all prior agreements, whether written or oral, with respect to the subject matter of the Agreement, as amended by this Amendment One. Each Party confirms that it is not relying on any statements, representations, warranties or covenants of any person (whether a Party to this Agreement or not) except as specifically set out in the Agreement as hereby amended. Nothing in this Amendment is intended to limit or exclude any liability for fraud. The Parties hereby agree that subject to the modifications specifically stated in this Amendment One, all terms and conditions of the Agreement shall remain in full force and effect.

7.3 Counterparts. This Amendment One may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In Witness Whereof, the Parties have executed this Agreement in duplicate originals by their proper officers as of the Amendment One Effective Date.

ARDELYX, INC.		**ASTRAZENECA (PUBL)**	
By:	/s/ Michael Raab	By:	/s/ Marcus Schindler
Name:	Michael Raab	Name:	Marcus Schindler
Title:	CEO	Title:	VP, Head of CVM

Exhibit 10.2

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

LICENSE OPTION AND LICENSE AGREEMENT

BY AND BETWEEN

SANOFI

AND

ARDELYX, INC.

DATED FEBRUARY 21, 2014

EXHIBITS

LICENSE OPTION AND LICENSE AGREEMENT

This License Option and License Agreement (the "**Agreement**") is entered into as of the 21 day of February, 2014 (the "**Effective Date**") by and between Sanofi, a French corporation with a place of business at 54, rue La Boétie, 75008 Paris, France ("**Sanofi**") and Ardelyx, Inc., a Delaware corporation having its principal place of business at 34175 Ardenwood Boulevard, Fremont, California United States of America 94555 ("**Ardelyx**"). Ardelyx and Sanofi are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

Whereas, Sanofi is a pharmaceutical company engaged in the research, development and commercialization of products useful in the amelioration, treatment or prevention of human diseases and conditions.

Whereas, Ardelyx is a biotechnology company developing certain proprietary compounds known as NaP2b inhibitors for use in the treatment of diseases and disorders, and has identified a lead compound, designated as NTX1942.

Whereas, Sanofi and Ardelyx desire to establish a patent and know-how license agreement to allow Sanofi to conduct research, development and commercialization of NaP2b inhibitors, with the objective of providing pharmaceutical products to patients derived from application of the expertise of each of Ardelyx and Sanofi.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS AND CONSTRUCTION

1.1 Definitions. The following terms shall have the following meanings as used in this Agreement:

"Acceptance" shall mean the formal acceptance of a Drug Approval Application by the applicable Regulatory Health Authority in accordance with its procedures. If the Regulatory Health Authority does not have an Acceptance procedure, then a failure to reject a Filing within thirty (30) days shall constitute an Acceptance.

"Affiliate" shall mean with respect to either Party, any Person controlling, controlled by or under common control with such Party, from time to time and for so long as such control exists. For purposes of this definition of Affiliate, "control" (and, with correlative meanings, the terms "controlled by" and "under common control with") means (i) direct or indirect ownership of fifty percent (50%) or more of the ownership interest or securities having the right to vote for the election of directors of a Person or (ii) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning assigned in the first paragraph of this Agreement.

"American Arbitration Association" or "**AAA**" shall have the meaning assigned in Section 13.2(a).

"Annual Net Sales" shall mean the Net Sales made during any given Calendar Year.

"Anti-Corruption Laws" shall mean the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable anti-corruption laws and laws for the prevention of fraud, racketeering, money laundering or terrorism.

"Applicable Laws" shall mean all applicable statutes, ordinances, codes, executive or governmental orders, laws, rules and regulations, including without limitation, any rules, regulations, guidelines or other requirements of Regulatory Authorities or Regulatory Health Authorities, that may be in effect from time to time.

"Ardelyx" shall have the meaning assigned in the first paragraph of this Agreement.

"Ardelyx Background Know-How" shall mean Know-How that Ardelyx Controls as of the Effective Date that was developed by Ardelyx as a result of Ardelyx's research and Development efforts relating to Ardelyx Compounds, as set forth on Exhibit E hereto.

"Ardelyx Compound" shall mean **[***]**, and (ii) any other compound, that is (a) **[***]** or (b) **[***]**, and in the case of (i) and (ii) above, any metabolites, salts, esters, free acid forms, crystal forms, free base forms, pro-drug forms, racemates and all optically active forms of any such foregoing compound.

"Ardelyx Sole Invention Patent" shall mean any Patent covering or claiming Sole Program Know-How owned solely by Ardelyx or its Affiliates.

"Ardelyx Sole Invention Technology" shall mean all Ardelyx Sole Invention Patents and all Sole Program Know-How owned solely Ardelyx or its Affiliates.

"Ardelyx Trademark" shall mean the company Trademark or logo of Ardelyx, as Ardelyx may designate in writing from time to time.

"Assigned Activities" shall have the meaning assigned in Section 2.6. For the sake of clarity, neither Ardelyx's participation on the DAC, nor the activities carried out by Ardelyx or its Affiliates under Section 3.4 (Technology Transfer) shall be considered Assigned Activities.

"Assigned Activities Expenses" shall mean the expenses incurred by Ardelyx or for its account in the performance of Assigned Activities. Assigned Activities Expenses shall include amounts paid by Ardelyx to a Third Party involved in the performance of the Assigned Activities (subject to Sanofi's prior approval of the involvement of such Third Party) and all internal costs (calculated on an FTE basis at an annual rate of **[***]** incurred by Ardelyx in connection with the performance of the Assigned Activities. Assigned Activities Expenses shall not include expenses incurred by Ardelyx in the performance of its obligations under the Co-Promote Agreement.

"AstraZeneca License Agreement" shall mean that certain agreement by and between Ardelyx and AstraZeneca AB, dated as of October 4, 2012.

"Bankruptcy Code" shall mean Title 11, United States Code, as amended, or analogous provisions of Applicable Laws outside the United States.

"Bayh-Dole Act" shall mean the Patent and Trademark Law Amendments Act of 1980, as amended, codified at 35 U.S.C. §§ 200-212, as amended, as well as any regulations promulgated pursuant thereto, including in 37 C.F.R. Part 401.

"Breaching Party" shall have the meaning assigned in Section 11.2(a).

"Business Day" shall mean any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banking institutions are authorized or required by Applicable Laws to be closed in New York City, New York or in Paris (France).

"Calendar Quarter" shall mean each successive period of three (3) consecutive calendar months commencing on 1st January, 1st April, 1st July and 1st October.

"Calendar Year" shall mean each successive period of twelve (12) consecutive calendar months commencing on 1st January.

"CDA" shall have the meaning assigned in Section 7.7.

"Clinical Pharmacology Studies" shall mean studies in healthy volunteers or patients investigating the relationships between dose, drug exposure and response, as further described in the Development Plan.

"Clinical Trials" shall mean Phase 1 Clinical Trials, Clinical Pharmacology Studies, Phase 2 Clinical Trials, Phase 3 Clinical Trials, Phase 4 Clinical Trials, or variations of such trials (for example, Phase 2/3 and Phase 2b), and any other clinical study conducted in human subjects in connection with the Development of a Program Product.

"Combination Product" shall mean a pharmaceutical product in a form suitable for human or animal applications containing a Program Compound as an active ingredient and containing one or more other active ingredients, in any and all forms, presentations, delivery systems, dosages and formulations, that is sold either as a fixed dose or as separate doses in a single package; provided that if any such other active ingredient is Controlled by Ardelyx, it is understood that Sanofi is not being granted any license under such Intellectual Property Rights to Exploit such other active ingredient.

"Commercial Information" shall mean information and data, including Know-How, marketing, pricing, distribution, cost, sales, and manufacturing data or descriptions, in each case within the Control of Sanofi, in each case that is necessary or useful to Ardelyx with respect to its Co-Promotion of the Co-Promote Products in the United States, or with respect to its Commercialization of Program Products following the termination or expiration of this Agreement.

"Commercialization" shall mean all activities directed to the preparation for sale of, offering for sale of or sale of a Program Product, including the Manufacture of commercial supplies, and the marketing and sale of a Program Product, including without limitation Pre-Approval Activities, advertising, education, planning, marketing, Detailing, promotion, distribution, selling or having sold, offering for sale, market and product support, and, if commenced after the First Commercial Sale of the Program Product anywhere in the Territory, Phase 4 Clinical Trials.

"Commercialize" shall mean the conduct of Commercialization activities.

"Commercially Reasonable Efforts" shall mean (with respect to the efforts to be expended by a Party with respect to any objective) reasonable, diligent, good faith efforts to accomplish such objective as such Party would generally use, in accordance with its usual business practices to accomplish a similar objective under similar circumstances for such Party's benefit exclusive of the other Party. With respect to any objective relating to the Development, Manufacture or Commercialization of a Program Product by a Party, "Commercially Reasonable Efforts" means efforts and resources generally used by such Party, in accordance with its usual business practices, with respect to a product owned by such Party, or to which such Party has similar rights, that is of similar market and therapeutic potential at a similar stage in the Development or life of such product, taking into account issues of safety, efficacy, costs of development, product profile, the proprietary position of the product including the nature and extent of its market exclusivity (including Patent coverage and regulatory exclusivity), the regulatory structure involved and the likelihood of approval, profitability of the product, and other relevant scientific, technical and commercial factors.

"Comparable Program Product" shall have the meaning assigned in Section 6.5.

"Completion" of a Clinical Trial shall mean, with respect to such Clinical Trial, the date upon which the final study report for such Clinical Trial is completed and approved in accordance with the responsible Party's quality assurance procedures.

"Compulsory License" shall have the meaning assigned in Section 6.4(f).

"Confidential Information" shall mean any and all (i) Know-How relating to the Exploitation of Program Compounds or Program Products (including Licensed Know-How) or relating to other aspects of the collaboration between the Parties under this Agreement, (ii) information and Materials, whether oral or in writing or in any other form, disclosed before, on or after the date of this Agreement by one Party to the other Party, including the terms of this Agreement, and (iii) in the case of Ardelyx, information Sanofi may receive from Ardelyx as a result of Ardelyx's compliance with the special disclosure process outlined in Exhibit F.

"Continuation Milestone" shall have the meaning assigned in Section 4.1(b).

"Contravening Product" shall have the meaning assigned in Section 2.9(d)(ii).

"Control" shall mean, with respect to an item of Know-How, Patent or other Intellectual Property Rights, the ability and authority of a Party or its Affiliates, whether arising by ownership, possession, or pursuant to a license or sublicense, to grant licenses, sublicenses, or

other rights to the other Party under or to such item of Know-How, Patent or Intellectual Property Rights as provided for in this Agreement, without breaching the terms of any agreement between such Party and any Third Party.

"Co-Promote Agreement" shall have the meaning assigned in Section 5.8(b).

"Co-Promote Option" shall have the meaning assigned in Section 5.1(b).

"Co-Promote Product" shall have the meaning assigned in Section 5.1(c).

"Counterparty" shall have the meaning assigned in Section 14.1(c).

"Covered Compound" shall mean any compound that is covered or claimed by a Sanofi Sole Invention Patent or a Joint Patent, in either case, including, any metabolites, salts, esters, free acid forms, crystal forms, free base forms, pro-drug forms, racemates and all optically active forms of any such foregoing compound.

"CREATE ACT" shall have the meaning assigned in Section 8.4(h)

"Debtor" shall have the meaning assigned in Section 11.2(d).

"Detail" shall mean a sales presentation or interaction by a professional sales representative to or with a target physician or other professional with prescribing authority involved in prescribing a Co-Promote Product or to other individuals influencing prescription activity with respect to a Co-Promote Product, in any case, in which the primary purpose is to discuss the benefits and features of the Co-Promote Product. The term Detail will be further defined in the Co-Promote Agreement. When used as a verb, "**Detail**" or "**Detailing**" means to perform a Detail.

"Detail Rate" shall have the meaning assigned in Section 5.8(b).

"Develop" shall mean to engage in Development.

"Development" shall mean all activities relating to obtaining Regulatory Approval of a Program Product, Program Product line extensions, alternative delivery systems and new indications therefor, and all activities relating to developing the ability to Manufacture the same. This includes, for example, (i) nonclinical testing, toxicology, formulation, Clinical Trials (other than Phase 4 Clinical Trials commenced after the First Commercial Sale of the Program Product anywhere in the Territory), regulatory affairs, and outside counsel regulatory legal services, (ii) manufacturing process development for bulk and finished forms of Program Compounds and Program Products, and manufacturing and quality assurance technical support activities prior to the First Commercial Sale of a Program Product anywhere in the Territory and (iii) the conduct of advisory boards with relevant experts, e.g. clinical experts or payer representatives, as such conduct relates to obtaining or maintaining Regulatory Approval of a Program Product.

"Development Advisory Committee" or "**DAC**" shall mean the committee described in Section 3.1.

"Development Plan" shall have the meaning assigned in Section 4.2.

"Distributor" shall have the meaning assigned in Section 2.5.

"Drug Approval Application" shall mean an application for Regulatory Approval required before commercial sale of a Program Product as a drug in a regulatory jurisdiction (but for clarity, excluding any IND or a foreign equivalent thereof and excluding pricing and reimbursement approvals).

"[***]" shall have the meaning assigned in the definition of **[***]**.

"[***]" shall have the meaning assigned in the definition of **[***]**.

"Effective Date" shall have the meaning assigned in the first paragraph of this Agreement.

"EMA" shall mean the European Medicines Agency or any successor thereto.

"Europe" shall mean the European Union as it may be constituted from time to time.

"European Union" shall mean the economic, scientific and political organization of European member states, as its membership may be altered from time to time, and any successor thereto, and which, as of the Effective Date, consists of Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom, and that certain portion of Cyprus included in such organization.

"Exploit" shall mean to make, have made, import, use, sell, or offer for sale, including to research, Develop, register, modify, enhance, improve, Manufacture, have Manufactured, Commercialize, hold/keep (whether for disposal or otherwise), formulate, optimize, have used, export, transport, or otherwise dispose of or offer to dispose of a product or process.

"Exploitation" shall mean the act of Exploiting a product or process.

"FDA" shall mean the United States Food and Drug Administration or any successor thereto.

"FFDCA" shall mean the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301, et seq., as amended from time to time.

"Field" shall mean the diagnosis, prevention, and treatment of diseases and conditions in humans or animals.

"Filing" shall mean, with respect to a submission to a Regulatory Health Authority, the date that such submission is confirmed to have been received by the relevant Regulatory Health Authority.

"First Commercial Sale" shall mean, with respect to any Program Product, the first arm's length sale for monetary value by Sanofi, its Affiliate, its Sublicensees or a Sanofi Licensee to a Third Party for end use or consumption by the general public of such Program Product in a country where Regulatory Approval of such Program Product has been obtained by Sanofi, its Affiliates, its Sublicensees or a Sanofi Licensee; provided, however, that in no event shall any sale or distribution of a Program Product for Pre-Approval Activities or use in a Clinical Trial or otherwise any sales prior to receipt of all Regulatory Approvals necessary to commence regular commercial sales (including so-called "treatment IND sales" and "compassionate use sales") be deemed a First Commercial Sale.

"Force Majeure" shall have the meaning assigned in Section 14.2.

"Force Majeure Party" shall have the meaning assigned in Section 14.2.

"FTE" shall mean a full time equivalent person year of eighteen hundred eighty (1,880) hours of scientific, administrative, technical or operational work.

"GCP" or **"Good Clinical Practices"** shall mean the current standards for clinical trials for pharmaceuticals, as set forth in the United States Code of Federal Regulations, ICH guidelines and Applicable Laws as promulgated thereunder, as amended from time to time, and such standards of good clinical practice as are required by the European Union and other organizations and governmental agencies in countries in which a Program Product is intended to be sold to the extent such standards are not less stringent than United States GCP.

"Generic Product" shall mean with respect to a Program Product in a particular country any product (i) that is sold in such particular country by a Third Party who is not a Sublicensee, Distributor or a Sanofi Licensee selling such product under authorization from Sanofi or its Affiliates, (ii) that has received Regulatory Approval necessary for sale in such country, (iii) that **[***]**, and (iv) that contains as the active ingredient the same compound, including the same salt form thereof.

"GLP" or **"Good Laboratory Practices"** shall mean good laboratory practices required under the regulations set forth in 21 C.F.R. Part 58, as in effect during the term of this Agreement, and the requirements thereunder imposed by the FDA, and the equivalent thereof in any jurisdiction.

"GMP" or **"Good Manufacturing Practices"** shall mean the laws, regulations, guidelines, guidance, pharmaceutical industry standards and requirements in force from time to time that apply to the Manufacture of each Program Compound or Program Product in each relevant jurisdiction, including, with respect to the U.S. Territory, the current good manufacturing practices required under the applicable regulations set forth in 21 C.F.R. Subchapter C (Drugs) and Subchapter H (Medical Devices), including without limitation Parts 210–211, 808, 812, and 820, and the requirements thereunder imposed by the FDA.

"Governmental Body" shall mean any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) supranational, federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency,

commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal); or (iv) self-regulatory organization (including the NASDAQ Global Market and the NASDAQ Global Select Market).

"Government Official" shall mean any Person employed by or acting on behalf of a Governmental Body, government-controlled entity or public international organization.

"Grantback License" shall have the meaning assigned in Section 2.8(b).

"Grantback Products" shall have the meaning assigned in Section 2.8(b).

"IFRS" shall mean International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

"IND" shall mean an Investigational New Drug application or the equivalent filed with or submitted to the relevant Regulatory Health Authority, including, for example, the FDA, for authorization to commence human clinical trials.

"Indemnified Party" shall have the meaning assigned in Section 12.2(a).

"Indemnifying Party" shall have the meaning assigned in Section 12.2(a).

"Indirect Taxes" shall mean value added taxes, sales taxes, consumption taxes and other similar taxes.

"Intellectual Property Rights" or **"IPR"** shall mean Patents, trademarks, service marks, trade secrets, trade names, registered designs, design rights, copyrights (including rights in computer software), domain names, database rights and any rights or property similar to any of the foregoing in any part of the world, whether registered or not, together with the right to apply for the registration of any such rights.

"Joint Patent" shall mean any Patent covering or claiming any invention within the Joint Program Know-How.

"Joint Program Know-How" shall have the meaning assigned in Section 8.2(b).

"Joint Technology" shall mean collectively, Joint Patents and Joint Program Know-How.

"Know-How" shall mean all inventions, discoveries, data, information (including scientific, technical or regulatory information), trade secrets, processes, means, methods, practices, formulae, instructions, procedures, techniques, materials, technology, results, analyses, designs, drawings, computer programs, apparatuses, specifications, technical assistance, laboratory, pre-clinical and clinical data (including laboratory notes and notebooks), and other material or know-how, in written, electronic or any other form, whether or not patentable, that are necessary or useful to Exploit any Program Compound or

Program Product, including without limitation any such Know-How that relates to any method of making any Program Compound or Program Product, any composition or formulations of any Program Compound or Program Product, or any method of using or administering any Program Compound or Program Product, including without limitation: development technology; biology, chemistry, pharmacology, toxicology, drug stability, Manufacturing and formulation, test procedures, synthesis, purification and isolation techniques, quality control data and information, methodologies and techniques; information regarding clinical and non-clinical safety and efficacy studies, including study designs and protocols, marketing studies, absorption, distribution, metabolism and excretion studies; assays and biological methodology.

"Knowledge" shall mean the good faith understanding of the executive officers of Ardelyx and its Affiliates, with respect to relevant facts and information after performing a diligent inquiry of the employees of Ardelyx and its Affiliates with respect to such facts and information. For clarity, for purposes of the representations and warranties set forth in Section 9.1(b), "**Knowledge**" will not include any obligation to conduct any special searches or analyses such as, but not limited to, any analysis of Ardelyx's freedom to operate with respect to Patents relevant to Program Compounds or Program Products.

"Lead Ardelyx Compound" shall mean the NaP2b inhibitor **[***]**, and any metabolites, salts, esters, free acid forms, crystal forms, free base forms, pro-drug forms, racemates and all optically active forms thereof.

"Lead Development Candidate" shall mean the first Program Compound that has been selected **[***]**.

"Licensed Know-How" shall mean (i) Ardelyx Background Know-How, and (ii) Sole Program Know-How owned by Ardelyx.

"Licensed Patents" shall mean (i) all of the Listed Patents and (ii) all Ardelyx Sole Invention Patents.

"Licensed Technology" shall mean all Licensed Patents and Licensed Know-How.

"Listed Patents" shall mean the Patents listed in Exhibit A, and any Patents issuing after the Effective Date claiming priority to any such Patents listed on Exhibit A.

"Losses" shall mean any and all direct or indirect liabilities, claims, actions, damages, losses or expenses, including interest, penalties, and reasonable lawyers' fees and disbursements. In calculating Losses, the legal duty to mitigate on the part of the Party suffering the Loss shall be taken into account.

"Major Biopharmaceutical Company" shall mean (a) an entity that Commercializes or Develops healthcare products for human consumption including but not limited to human therapeutic drugs **[***]** and which has either (i) **[***]**, or (ii) **[***]**, or (b) any Affiliate thereof.

"Major Country" shall mean each of the **[***]**.

"Manufacture" or **"Manufacturing"** shall mean all activities in connection with the synthesis, manufacture, processing, formulating, testing (including, without limitation quality control, quality assurance and lot release testing), labeling, bulk packaging or storage and delivery of Program Compound or Program Product, or any intermediate thereof.

"Material Anti-Corruption Law Violation" shall mean a violation of an Anti-Corruption Law directly relating to the Exploitation of the Program Compounds or the Program Products which would, if it were publicly known, be reasonably expected to have a material adverse effect on the Party committing such violation or on the reputation of the other Party because of its relationship with the Party committing such violation.

"Materials" shall mean, individually and collectively, those materials that were developed or generated by Ardelyx as a result of Ardelyx's research and Development efforts relating to Ardelyx Compounds on or before the Effective Date and are described on Exhibit E.

"Mediation Notice" shall have the meaning assigned in Section 13.2(a).

"NaP2b" shall mean the sodium phosphate co-transporter 2B encoded by the SCL34A2 gene (also sometimes identified in scientific literature as "NaPi2b" or "NPT2b").

"NaP2b Product" shall have the meaning assigned in Section 2.9(a).

"Net Sales" shall mean the gross amount invoiced by Sanofi, its Affiliate, Sublicensees and Sanofi Licensees for sales of Program Products to a Third Party (including Distributors but excluding, for the avoidance of doubt, Sublicensees and Sanofi Licensees) less deductions for: (i) customary trade, quantity discounts, settlement discounts, or chargebacks actually granted, allowed, or incurred in the ordinary course of business in connection with the sale of the Program Products, (ii) allowances or credits to customers, not in excess of the selling price of the Program Products, on account of governmental requirements, rejection, recalls, or return of the Program Products, (iii) distributor fees, rebates, or allowances actually granted or allowed, including without limitation government and managed care rebates, (iv) Indirect Taxes and excise taxes or customs duties paid by the selling entity and any other governmental charges imposed upon the sale; importation, use or distribution of the Program Products, (v) bad debts not collected by Sanofi, calculated in accordance with IFRS, and (vi) **[***]**. Net Sales shall be calculated using Sanofi's internally audited systems used to report such sales as adjusted for items (i) through (vi) above, not taken into account in such systems. Deductions pursuant to subsection (v) above shall be taken in the Calendar Quarter in which such sales are no longer recorded as a receivable. Deductions pursuant to subsection (vi) above shall **[***]**.

"Non-Breaching Party" shall have the meaning assigned in Section 11.2(a).

"Option Exercise Period" shall mean the period commencing on the Effective Date and terminating upon the earlier of (i) **[***]**, or (ii) the expiration or termination of this Agreement.

"Option to Continue" shall have the meaning assigned in Section 4.1(a).

"Other Ingredients" shall have the meaning assigned in Section 6.5.

"Other Promotional Activities" shall mean both off line and online activities including but not limited to, sales activities, other than Detailing, such as sales training and sales meetings;

marketing activities such as advertising and promotion; and medical or scientific affairs activities, such as conferences, speakers' bureaus, and continuing medical education activities; provided that all such activities shall be in accordance with the FDA's Office of Prescription Drug Promotion and Applicable Laws.

"Party" shall have the meaning assigned in the first paragraph of this Agreement.

"Party Representatives" shall have the meaning assigned in Section 9.3(a).

"Patent" shall mean (i) all national, regional and international patents and patent applications, including provisional patent applications, (ii) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority to any of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, continued prosecution applications and requests for continued examination, (iii) any and all patents that have issued or in the future issue from the foregoing patent applications ((i) and (ii)), including utility models, petty patents and design patents and certificates of invention, and (iv) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((i), (ii) and (iii)).

"Patent Costs" shall mean external, out-of-pocket costs paid to outside counsel for the prosecution and defense of the applicable Patent(s), and any filing, issuance, registration, conversion or maintenance fees associated with the applicable Patent(s).

"Payments" shall have the meaning assigned in Section 6.8.

"Person" shall mean any individual, sole proprietorship, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other similar entity or organization, including a Government Body or Regulatory Authority.

"Phase 2 Clinical Trial" shall mean any clinical study that is not intended to be used as a pivotal study for purposes of seeking Regulatory Approval in a Major Country and that is conducted on human patients who have the relevant disease or condition with primary endpoints to establish the efficacy of a Program Product for its intended use and to define warnings, precautions, and adverse reactions that may be associated with the pharmaceutical product in the dosage range to be prescribed. "Phase 2 Clinical Trial" shall include without limitation any clinical trial that would satisfy requirements of 21 C.F.R. § 312.21(b).

"Phase 2b Clinical Trial" shall mean a Phase 2 Clinical Trial that is designed in such a way as to provide efficacy and safety information about a Program Product that, alone or with other Phase 2b Clinical Trials, would be reasonably intended to lead to an End-of-Phase 2 (EOP2) meeting with the FDA, or an equivalent meeting with any Regulatory Health Authority, or a subsequent Phase 3 Clinical Trial, even if such EOP2 meeting or Phase 3 Clinical Trial does not occur.

"Phase 3 Clinical Trial" shall mean any clinical study intended or used as a pivotal study for purposes of seeking Regulatory Approval, which study is conducted on sufficient

numbers of human patients to establish, alone or with other Phase 3 Clinical Trials, that a pharmaceutical product is safe and efficacious for its intended use(s), to determine warnings, precautions, and adverse reactions that are associated with the pharmaceutical product in the dosage range to be prescribed, and at a standard suitable to obtain Regulatory Approval of such pharmaceutical product in a Major Country or label expansion of such pharmaceutical product. "Phase 3 Clinical Trial" shall include without limitation any clinical trial that, alone or with other Phase 3 Clinical Trials, would satisfy requirements of 21 C.F.R. § 312.21(c).

"Phase 4 Clinical Trial" shall mean any clinical study commenced after the Regulatory Approval of a pharmaceutical product for a certain indication to provide further information about such product for such indication, including its long-term risks, benefits and optimal use.

"Pre-Approval Activities" shall mean all Commercialization activities undertaken with respect to a Program Product prior to First Commercial Sale and in preparation for the launch of such Program Product in the U.S. Territory, in accordance with Applicable Laws. Pre-Approval Activities shall include without limitation advertising, education, product-related public relations, health care economic studies, governmental affairs activities for reimbursement and formulary acceptance, sales force training, trademark selection, filing, prosecution, and enforcement, and other activities included within the US Commercialization Plan prior to the First Commercial Sale of a Program Product in the U.S. Territory.

"Pre-Clinical Development Plan" shall have the meaning assigned in Section 3.6.

"Prior Development Phase" shall have the meaning assigned in Section 3.5.

"Product Information" shall have the meaning assigned in Section 7.1.

"Product Trademark" shall have the meaning assigned in Section 8.7(a).

"Program" shall mean the Exploitation activities conducted by Sanofi, its Affiliates, Sublicensees or Sanofi Licenses (and, where applicable, by Ardelyx) in relation to Program Compounds and Program Products under this Agreement.

"Program Compounds" shall mean any and all Covered Compounds and Ardelyx Compounds.

"Program Patents" shall mean any and all Listed Patents, Ardelyx Sole Invention Patents, Sanofi Sole Invention Patents and Joint Patents.

"Program Products" shall mean any and all products in forms suitable for human or animal applications containing a Program Compound as an active ingredient, including Combination Products.

"Promotion Activities" shall have the meaning assigned in Section 2.6.

"Promotion FTE Rate" shall have the meaning assigned in Section 5.8(b).

"Promotion Proposal" shall have the meaning assigned in Section 5.8(b).

"Regulatory Approval" shall mean any and all approvals (including without limitation pricing and reimbursement approvals), product or establishment licenses, registrations, or authorizations of any regional, federal, state, or local Regulatory Health Authority, department, bureau, or other governmental entity, necessary to commercially distribute, sell or market a Program Product in a regulatory jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such jurisdiction, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), (c) labeling approval and (d) technical, medical and scientific licenses.

"Regulatory Authority" shall mean any court or government body, whether national, supra-national, federal, state, local, foreign or provincial, including any political subdivision thereof, including any department, commission, board, bureau, agency, or other regulatory or administrative governmental authority or instrumentality, and further including any quasi-governmental Person or entity exercising the functions of any of these.

"Regulatory Documentation" shall mean all applications, registrations, licenses, authorizations and approvals, all correspondence submitted to or received from Regulatory Health Authorities (including minutes and official contact reports relating to any communications with any Regulatory Health Authority) and all supporting documents, including documentation arising in the course of all clinical studies and tests, in each case relating to any Program Compounds or Program Products, including all INDs, Regulatory Approvals, regulatory drug lists, advertising and promotion documents, adverse event files and complaint files.

"Regulatory Health Authority" shall mean any applicable national (for example, FDA or Japan's Pharmaceuticals and Medical Devices Agency), supranational (for example, the EMA), regional, state, provincial or local regulatory health authority, department, bureau, commission, council, or other government entity regulating or otherwise exercising authority with respect to the Exploitation of Program Compounds or Program Products in the Territory, including any such entity involved in the granting of Regulatory Approval for pharmaceutical products.

"Responsible Party" shall have the meaning assigned in Section 8.6(a)(iv).

"Review Period" shall have the meaning assigned in Section 7.8.

"Sales Advisory Committee" or **"SAC"** shall mean the committee described in Section 5.2.

"Sanofi" shall have the meaning assigned in the first paragraph of this Agreement.

"Sanofi Background Know-How" shall mean Know-How (i) that Sanofi or its Affiliates Control as of the Effective Date or that comes into the Control of Sanofi or its Affiliates during the Term, and (ii) that does not constitute Joint Know-How, Licensed Know-How or Sole Program Know-How owned by Sanofi or its Affiliates pursuant to this Agreement.

"Sanofi Background Patents" shall mean all Patents (i) that are Controlled by Sanofi or its Affiliates as of the Effective Date or that come into the Control of Sanofi or its Affiliates during the Term, (ii) that do not constitute Joint Patents, Licensed Patents or Sanofi Sole Invention Patents, and (iii) that cover Sanofi Background Know-How.

"Sanofi Background Technology" shall mean Sanofi Background Know-How and Sanofi Background Patents.

"Sanofi Controlled Patents" shall have the meaning assigned in Section 8.4(b).

"Sanofi Full Manufacturing Cost" shall mean all expenses incurred by Sanofi or its Affiliates in connection with the Manufacture of Program Compounds or Program Products, including expenses incurred for **[***]**, in each case calculated in accordance with **[***]**, consistently applied across its Manufacturing operations.

"Sanofi Licensee" shall have the meaning assigned in Section 2.4.

"Sanofi Product Data" shall have the meaning assigned in Section 11.3(k)

"Sanofi Sole Invention Patent" shall mean any Patent covering or claiming Sole Program Know-How owned solely by Sanofi.

"Sanofi Sole Invention Technology" shall mean any Sanofi Sole Invention Patent and any Sole Program Know-How owned solely by Sanofi.

"Sanofi Trademark" shall mean the company Trademark or logo of Sanofi, as Sanofi may designate in writing from time to time. For clarity, a Sanofi Trademark is not a Product Trademark.

"Sanofi Triggered Termination" shall have the meaning assigned in Section 11.3.

"Senior Executives" shall mean (i) the Chief Executive Officer of Ardelyx and (ii) the **[***]**. A Party shall be entitled, effective upon written notice thereof to the other Party, to designate one of its other representatives having equivalent seniority and experience to replace such foregoing representative as that Party's Senior Executive for the purpose of this Agreement. In the case of Ardelyx, an acceptable replacement would be an acting or temporary Chief Executive Officer, a chairman of the board of directors, or a member of Ardelyx's board of directors acting in an executive capacity.

"Sole Invention Patent" shall mean any Patent covering or claiming any invention within the Sole Program Know-How.

"Sole Program Know-How" shall have the meaning assigned in Section 8.2(b).

"Subject Party" shall have the meaning assigned in Section 14.1(b).

"Sublicensee" shall have the meaning assigned in Section 2.3.

"Tail Period" shall have the meaning assigned in Section 2.9(a).

"Tax" or **"Taxation"** shall mean any form of tax or taxation, levy, duty, charge, social security charge, contribution or withholding of whatever nature (including any related fine, penalty, surcharge or interest) imposed by, or payable to, a Tax Authority.

"Tax Authority" shall mean any government, state or municipality, or any local, state, federal or other fiscal, revenue, customs, or excise authority, body or official anywhere in the world, authorized to levy Tax.

"Technology Transfer Deliverables" shall mean Ardelyx Background Know-How and the Materials, as listed on Exhibit E hereto.

"Technology Transfer Phase Completion" shall have the meaning assigned in Section 3.4(a).

"Term" shall have the meaning assigned in Section 11.1.

"Territory" shall mean the world.

"Third Party" shall mean any Person other than Ardelyx or Sanofi, or their respective Affiliates.

"Third Party Claims" shall have the meaning assigned in Section 12.1(a).

"Third Party Compensation" shall have the meaning assigned in Section6.4(d).

"Trademark" shall mean any word, name, symbol, color, shape, designation or any combination thereof, including any trademark, service mark, trade name, brand name, sub-brand name, trade dress, product configuration, program name, delivery form name, certification mark, collective mark, logo, tagline, slogan, design or business symbol, that functions as an identifier of source or origin, whether or not registered and all statutory and common law rights therein and all registrations and applications therefor, together with all goodwill associated with, or symbolized by, any of the foregoing.

"US Commercialization Plans" shall have the meaning assigned in Section 5.4.

"US Launch Plans" shall have the meaning assigned in Section 5.4.

"U.S. Territory" shall mean the United States, its territories, and its possessions.

"Utilized in the Program" shall mean that the respective Know-How, Patents or other Intellectual Property Rights are, **[***]** by Sanofi, its Sublicensees or Sanofi Licensees in such party's Development or Commercialization of a Program Product.

"Valid Claim" shall mean **[***]**.

"Written Disclosure" shall have the meaning assigned in Section 10.2.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

1.2 Construction. Except where the context requires otherwise, whenever used in this Agreement, the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word "**or**" has the inclusive meaning represented by the phrase "**and/or**". Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The term "**including**" or "**includes**" as used in this Agreement means including, without limiting the generality of any description preceding such term. The article, section, and subsection headings contained in this Agreement are for the purposes of convenience only and are not intended to define or limit the contents of such articles, sections, and subsections. The wording of this Agreement shall be deemed to be the wording mutually chosen by the Parties and no rule of strict construction shall be applied against any Party.

ARTICLE 2.
GRANT OF RIGHTS AND LICENSES; EXCLUSIVITY

2.1 Exclusive License to Sanofi to Complete Pre-Clinical Development Plan. Subject to the terms and conditions of this Agreement, Ardelyx grants to Sanofi a worldwide, exclusive (including with regard to Ardelyx and its Affiliates, except with respect to the retained rights set forth in Section 2.6 below, and the license grant under Section 2.8(b) below) right and license under both the Licensed Technology and Ardelyx's rights in the Joint Technology to conduct research regarding Program Compounds solely for the purpose of completing the Pre-Clinical Development Plan, with the right to grant sublicenses solely to Affiliates in accordance with Section 2.3.

2.2 Exclusive License to Sanofi Following the Exercise of the Option to Continue. Following Sanofi's exercise of the Option to Continue and the payment of the Continuation Milestone, Sanofi shall automatically be granted, without further action on the part of either Party and subject to Section 2.8(a) and the other terms and conditions of this Agreement, a worldwide exclusive (including with regard to Ardelyx and its Affiliates, except with respect to the retained rights set forth in Section 2.6 below) right and license under the Licensed Technology and Ardelyx's rights in the Joint Technology to Exploit the Program Compounds solely for the purpose of Developing, Manufacturing and Commercializing Program Products in the Field and in the Territory, with the right to grant sublicenses in accordance with Section 2.3.

2.3 Sublicenses. Until Sanofi exercises the Option to Continue and pays the Continuation Milestone, Sanofi shall have the right to grant sublicenses solely to its Affiliates under the exclusive license to Licensed Technology or Ardelyx's rights in the Joint Technology described in Section 2.1. For clarity, nothing in this Section 2.3 shall be interpreted as restricting the right of Sanofi to subcontract any part of its Exploitation activities at any time during the Term and to grant sublicenses to its subcontractors as needed, in compliance with the terms hereof; provided, however, that, such subcontractor is not a Sublicensee as defined below. After Sanofi has exercised the Option to Continue and paid the Continuation Milestone, Sanofi shall have the right to grant sublicenses, through multiple tiers of sublicenses, under the exclusive licenses to Licensed Technology or Ardelyx's rights in the Joint Technology described in Section 2.2, to its Affiliates and to any other Person. Where Sanofi or its Affiliates grants such sublicense to a Person that is not an Affiliate of Sanofi, and such Person is not a Distributor, such Person shall be a "**Sublicensee**" for the purposes of this Agreement, and any Person to which a

Sublicensee grants a further sublicense shall also be a Sublicensee; provided, however, that any Person that (i) is granted a sublicense under the license granted to Sanofi pursuant to Section 2.1 or Section 2.2 solely to enable such Person to provide contract research or development services or contract manufacturing services for Sanofi, its Affiliates or Sublicensees, and (ii) does not have the right to distribute, market or sell the Program Products shall not be a "**Sublicensee**" for purposes of this Agreement. Sanofi, its Affiliates and its Sublicensees shall ensure that all Persons to which they grant sublicenses comply with all terms and conditions of this Agreement. Without limiting the foregoing, Sanofi shall use its Commercially Reasonable Efforts to obtain rights and licenses from its Affiliates and Sublicensees as necessary to enable Sanofi to grant to Ardelyx rights and licenses under Patents and Know-How Controlled by such Affiliates and Sublicensees to the same extent as Sanofi grants to Ardelyx pursuant to this Agreement under Sanofi Sole Invention Technology, Sanofi Background Technology and Sanofi's interest in the Joint Technology, including without limitation the licenses and rights granted to Ardelyx pursuant to Sections 2.7, 3.3, and 5.8(d) and Article 11. For clarity, nothing in the preceding sentence or elsewhere in this Agreement shall be interpreted as an obligation on Sanofi or its Affiliates to procure Ardelyx access to any Know-How, Patents or other Intellectual Property Rights of a Sublicensee that is a Third Party, where such Know-How, Patents or other Intellectual Property Rights were developed by such Third Party outside of the Program, and are not Utilized in the Program. Sanofi shall remain liable for any action or failure to act by any Sublicensee or any other Party that is granted a sublicense under the licenses granted in Section 2.2 by Sanofi, its Affiliates or its Sublicensees, that would constitute a breach of this Agreement if such action or failure were committed by Sanofi. Sanofi shall ensure that any agreement with a Sublicensee contains such provisions as are necessary to give effect to the provision of Section 11.3(b) which may provide for the termination of any such agreement with a Sublicensee in the event of a termination of this Agreement.

2.4 Licensees. Until such time as Sanofi has exercised the Option to Continue and paid the Continuation Milestone, Sanofi shall not have the right to grant to any other Person (other than an Affiliate of Sanofi) licenses under **[***]** without having first secured Ardelyx's written consent, such consent not to be unreasonably withheld, delayed or conditioned; provided, however, that it shall be deemed reasonable for Ardelyx to withhold consent to a request by Sanofi to grant a license under **[***]** if such license would give the Third Party rights to Exploit a Program Compound or a Program Product. Following the exercise of the Option to Continue and the payment of the Continuation Milestone, Sanofi shall have the right to grant to its Affiliates or to any other Person (i) licenses under **[***]** to Exploit Program Compounds for the sole purpose of Developing, Manufacturing or Commercializing Program Products, and (ii) licenses under **[***]** for purposes other than Developing, Manufacturing or Commercializing Program Products so long as such license under **[***]** does not grant such Third Party any rights to Exploit Program Compounds or Program Products. Where Sanofi or its Affiliate grants such a license to a Person that is not an Affiliate of Sanofi, and such Person is not a Sublicensee or a Distributor such Person shall be a **"Sanofi Licensee"** for the purposes of this Agreement, and any Person to which a Sanofi Licensee grants a sublicense shall also be a Sanofi Licensee; provided, however, that any Person that (i) is granted a license under **[***]** solely to enable such Person to provide contract research or development services or

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

contract manufacturing services for Sanofi, its Affiliates, Sanofi Licensees or Sublicensees, and (ii) does not have the right to distribute, market or sell the Program Products shall not be a "**Sanofi Licensee**" for purposes of this Agreement. For further clarity, nothing in this Section 2.4 will be interpreted as restricting the right of Sanofi to subcontract any part of its Exploitation activities at any time during the Term or to grant licenses to its subcontractors as needed, in compliance with the terms hereof; provided, however, that such subcontractor is not a Sanofi Licensee. Sanofi shall obtain rights and licenses from its Affiliates and Sanofi Licensees as necessary to enable Sanofi to grant to Ardelyx rights and licenses under Patents and Know-How Controlled by such Affiliates and Sanofi Licensees to the same extent as Sanofi grants to Ardelyx pursuant to this Agreement under Sanofi Sole Program Technology, Sanofi Background Technology and Sanofi's interest in the Joint Technology, including without limitation the licenses and rights granted to Ardelyx pursuant to Sections 2.7, 3.3 and 5.8(d) and Article 11. For clarity, nothing in the preceding sentence or elsewhere in this Agreement shall be interpreted as an obligation on Sanofi or its Affiliates to procure Ardelyx access to any Know-How, Patents or other Intellectual Property Rights of an Affiliate of Sanofi or a Sanofi Licensee where such Know-How, Patents or other Intellectual Property Rights were developed outside of the Program, and are not Utilized in the Program. Sanofi shall remain liable for any action or failure to act by any Sanofi Licensee that would constitute a breach of this Agreement if such action or failure were committed by Sanofi. Sanofi shall ensure that any agreement with a Sanofi Licensee contains such provisions as are necessary to give effect to the provision of Section 11.3(b) which may provide for the termination of any such agreement with a Sanofi Licensee in the event of a termination of this Agreement.

2.5 Distributorships. Following the exercise of the Option to Continue and the payment of the Continuation Milestone, Sanofi shall have the right, in its sole discretion, to appoint its Affiliates, and Sanofi, its Affiliates, the Sublicensees and the Sanofi Licensees shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country of the Territory, to distribute, market and sell the Program Products. In circumstances where such appointed Person purchases its requirements of Program Products from Sanofi, its Affiliates, its Sublicensees, or the Sanofi Licensees, but does not otherwise make any royalty or other payment to Sanofi, its Affiliates, its Sublicensees or the Sanofi Licensees with respect to Intellectual Property Rights with respect to Program Products, and where such Person is not an Affiliate of Sanofi and neither Sanofi nor any of its Affiliates shares in the profits from, or has an equivalent interest in the proceeds, other than, for clarity, receipt of payment for the supply of the Program Products, from, the sale of Program Products by such Person, that Person shall be a "**Distributor**" for purposes of this Agreement. Sanofi shall remain liable for any action or failure to act by any Distributor that would constitute a breach of this Agreement if such action or failure were committed by Sanofi.

2.6 Rights Retained by Ardelyx. Notwithstanding the licenses set forth in this Article 2, Ardelyx retains the non-exclusive right under the Licensed Technology and Joint Technology to (a) perform any activities that may be explicitly requested to be performed by Ardelyx by the Development Advisory Committee in accordance with Section 3.3, and with respect to which Ardelyx has specifically agreed to perform (the "**Assigned Activities**"); and (b) following the exercise of the Co-Promote Option, promote the Program Products in the U.S. Territory that have been assigned to Ardelyx under the Co-Promote Agreement subject to Article 5 and the Co-Promote Agreement (the **"Promotion Activities"**).

2.7 Program Technology License to Ardelyx. Sanofi grants to Ardelyx a non-exclusive, paid-up, royalty free, worldwide license under any Sanofi Sole Program Technology, to Exploit the Program Compounds and Program Products for the sole purpose of performing the Assigned Activities and the Promotion Activities.

2.8 NaP2b Products and Grant Back to Ardelyx.

(a) Notwithstanding the license grant set forth in Section 2.2, **[***]**. In the event that Sanofi determines that it is interested in **[***]**, Sanofi shall inform Ardelyx and the Parties shall engage in good faith negotiations to determine the terms and conditions under which **[***]**.

(b) Sanofi grants to Ardelyx a non-exclusive, paid-up, royalty free, non-transferable worldwide license under the Listed Patents for the sole purpose of **[***]** (such compounds or products, the **"Grantback Products"**) (the **"Grantback License"**). Ardelyx shall not have the right to grant a sublicense under the license set forth above except to enable a Third Party to provide contract research services for Ardelyx. Other than the restriction on **[***]**, Sanofi reserves all rights not expressly granted by the Grantback License. No additional rights (including any implied patent or know-how licenses, covenants, releases, rights to know-how or other rights) are granted under this Section (b) by implication, estoppel or otherwise, including any rights to any enabling technologies or under any additional patents of Sanofi, even if such enabling technologies or additional patent rights are needed for Ardelyx to Exploit the Grantback Products. For clarity, the license rights granted to Ardelyx under this Section 2.8 do not include any right for **[***]**.

2.9 Non-compete and Restrictive Covenants.

(a) **[***]**, neither Sanofi nor any of its Affiliates shall, other than as part of the collaboration described in this Agreement, either by itself or through a Third Party, **[***]** (such product or compound, a "**NaP2b Product**"); provided that if this Agreement is terminated as a result of a Sanofi Triggered Termination then, **[***]**.

(b) Except as otherwise expressly permitted in this Agreement, neither Ardelyx nor any of its Affiliates shall, either by itself or through a Third Party, [***], a NaP2b Product. For clarity, this restriction applies to **[***]**.

(c) Notwithstanding the aforesaid, (i) it shall not constitute a breach of the covenants set forth in subsections (a) or (b) above for a Party, or any of its respective Affiliates to, either by itself or through a Third Party, **[***]**, and (ii) it shall not constitute a breach of the covenant set forth in subsection (b) above in the event that any activities performed by **[***]**.

(d) Notwithstanding the aforesaid, neither a Party's nor any of such Party's Affiliates' direct or indirect acquisition of or by, or merger with, in whole or in part, a Person (or group of companies) or the business of a Person (or group of companies) having any activity contravening the covenants set forth above in this Section 2.9, shall constitute a breach of such covenants by such Party, if:

(i) with respect to Ardelyx, **[***]**;

(ii) with respect to Sanofi or Ardelyx (in the case of Ardelyx, if the conditions under subsection (i) above are not fulfilled), within **[***]**, such Party shall provide the other Party with written notice (X) of its, or its Affiliates', as the case may be, **[***]**, or (Y) of its decision that, for all purposes under this Agreement, including the consideration provisions set forth in Article 6, and the term and termination provisions set forth in Article 11, (XX) the NaP2b Product that contravenes the covenants **[***]** (each a "**Contravening Product**"), (YY) in the case of Ardelyx, any **[***]**, and in the case of Sanofi, any **[***]**, and in the case of both Ardelyx and Sanofi, for clarity, after the closing of the transaction giving rise to the Contravening Product, **[***]**; or

(iii) with respect to Sanofi, within **[***]**, Sanofi provides Ardelyx with written notice of its termination of this Agreement pursuant to Section 11.2(b) with the consequences described in Section 11.3, including subsection 11.3(n). For the avoidance of doubt, in such case, Sanofi shall continue to adhere to the provisions of Section 2.9(a) **[***]** with respect to all NaP2b Products including any NaP2b Products or activities acquired directly or indirectly by the acquisition or merger leading to Sanofi's termination under this Section 2.9(d)(iii).

In the event that either Party provides a written notice of its or its Affiliates' **[***]** pursuant to the above, then (X) such Party shall (or, as the case may be, cause its relevant Affiliate to) diligently pursue the sale or transfer to a Third Party of such business, and in any case, shall enter into (or, as the case may be, cause its relevant Affiliate to enter into) a binding definitive agreement with a Third Party for such sale or transfer no later than **[***]** (or such longer period as the Parties may agree) after the closing of the acquisition or merger transaction under which the relevant business was acquired, and (Y) neither such Party nor its Affiliates, as the case may be, shall during such **[***]** period (or other longer agreed period), **[***]** the NaP2b Product (being the subject of research or Development activities forming part of the relevant business which is to be divested), unless **[***]**. In the case of Sanofi undergoing such a transaction, it shall, notwithstanding anything to the contrary in this Section 2.9(d), at all times continue to be obligated to use Commercially Reasonable Efforts to Develop or Commercialize Program Products as set forth in Section 4.3(a).

(e) The words "**[***]**" and all variations thereof included in this Section 2.9 with reference to NaP2b Products shall include the activities described in the **[***]**, but with such activities being with respect to NaP2b Products rather than with respect to Program Products as set forth in the definition.

(f) Sanofi shall not supply Program Compounds or Program Products to any Third Party for any Third Party use, other than to perform Exploitation activities in compliance with this Agreement. In addition, Sanofi shall not license any Third Party (other than a Sanofi Licensee, Sublicensee or other licensee or sublicensee consistent with the terms and conditions of this Agreement) to make or have made Program Compounds or Program Products, except to carry out the provisions of this Agreement.

(g) The Parties agree that the restrictions contained in this Section 2.9 are reasonable and necessary for the protection of the Parties' and their Affiliates' respective confidential

information and business, that such restrictions are reasonable in all the circumstances and that the Parties would not have entered into this Agreement without the protections afforded to them under this Section 2.9.

2.10 No Implied Rights. This Agreement confers no right, license, or interest by implication, estoppel, or otherwise under any Patents, Know-How, or other Intellectual Property Rights of either Party except as expressly set forth in this Agreement. Each Party hereby expressly retains and reserves all rights and interests with respect to Patents, Know-How, or other Intellectual Property Rights not expressly granted to the other Party hereunder.

2.11 Exclusivity Term. Sanofi's exclusive license granted under Section 2.2, shall expire with respect to each separate Program Product, on a country-by-country basis, on the date when (i) **[***]**, and (ii) there are no longer **[***]**. Upon expiry of Sanofi's exclusive licenses with respect to a Program Product in a country, Sanofi's licenses with respect to such Program Product in such country shall become non-exclusive, fully paid-up, perpetual and irrevocable and the Net Sales of such Program Product in such country shall be excluded from the royalty calculations under Section 6.4 (including the thresholds and ceilings). Sanofi and its Affiliates and Sublicensees shall be allowed to continue exercising Sanofi's rights under the licenses granted in Section 2.2 on a non-exclusive basis in such country with no further consideration to Ardelyx.

ARTICLE 3.
DEVELOPMENT ADVISORY COMMITTEE AND PRIOR DEVELOPMENT PHASE

3.1 DAC. Ardelyx and Sanofi shall establish a Development Advisory Committee (the "**DAC**"). The DAC shall remain in effect from the Effective Date until the earlier of **[***]**. The DAC shall serve as a joint working group for the purpose of approving the Pre-Clinical Development Plan and the Development Plan (**[***]** having the final decision in case of any persisting disagreement in that respect), and facilitating interactions between the Parties in relation to the performance of the Program. **[***]**. The DAC shall consist of **[***]** project leaders, **[***]**, and such additional members as each Party may appoint from time to time as necessary or useful for the performance of the DAC's responsibilities hereunder. Each Party shall have the right to withdraw or replace its DAC representatives upon written notice to the other Party, provided that any such substitute representative shall have substantially the equivalent position and experience as the representative that such person replaces. The DAC shall hold meetings at such times and places as shall be determined by a consensus of the committee, and, unless determined otherwise by unanimous approval of the DAC, such meetings shall not be held less frequently than once every **[***]**. Meetings of the DAC may be held in person, via internet, telephonically or by videoconference. Each Party will be responsible for the expenses incurred in connection with its employees, consultants and its members of the DAC attending or otherwise participating in DAC meetings. Each Party's representatives on the DAC as of the Effective Date are set forth in Exhibit B. For clarity, each Party shall be required to disclose through the DAC or, in the event the DAC is terminated pursuant to Section 3.2, directly to the other Party only such information reasonably necessary to ensure compliance with this Agreement.

3.2 Ardelyx Membership in the DAC. Ardelyx's membership in the DAC shall be at its sole discretion, as a matter of right and not obligation, for the sole purpose of performing activities within the remit of the DAC. During any such period, Ardelyx shall have the right to withdraw from membership in the DAC upon thirty (30) days' written notice to Sanofi, which notice shall be effective upon the expiration of such thirty (30) day period. Such withdrawal shall be permanently irrevocable and shall not, however, relieve Ardelyx of any of its obligations under this Agreement (apart from the obligation to participate at DAC meetings). Upon the effective date of Ardelyx's withdrawal pursuant to the above, the DAC shall be disbanded. In case of early disbandment of the DAC in accordance with this Section 3.2, each Party shall have the right to continue to receive the information it would otherwise be entitled to receive under this Agreement, and any information originally to be disclosed through the DAC shall be provided to such Party directly by the other Party subject to the terms and conditions of this Agreement.

3.3 Assigned Activities. In the event that Sanofi requests that Ardelyx perform certain Assigned Activities, such Assigned Activities shall be described and discussed at a DAC meeting, and if Ardelyx agrees to perform such Assigned Activities in accordance with the budget prepared by Sanofi and presented to the DAC, then Ardelyx shall use Commercially Reasonable Efforts to conclude such Assigned Activities. In connection therewith, Ardelyx shall submit invoices to Sanofi at the beginning of each Calendar Quarter, which invoices shall detail the Assigned Activities Expenses incurred by Ardelyx during the previous Calendar Quarter, including **[***]**, in each case to the extent consistent with the budget for the Assigned Activities. Sanofi shall pay each invoice within thirty (30) days of its receipt thereof. For clarity, neither (a) Ardelyx's participation in the DAC as described in Section 3.1 above or in the SAC as described in Section 5.4, nor (b) the technology transfer activities described in Section 3.4 below shall be considered Assigned Activities. Sanofi shall not, and shall procure that its Affiliates, Sanofi Licensees and Sublicensees shall not, anywhere in the world, **[***]**.

3.4 Technology Transfer.

(a) No later than thirty (30) days after the Effective Date, Ardelyx shall transfer to Sanofi, at Ardelyx's sole cost and expense, the Technology Transfer Deliverables. The thirtieth (30th) day after the Effective Date shall be the "**Technology Transfer Phase Completion**" unless Sanofi has provided Ardelyx with written notice prior to such date identifying the specific Technology Transfer Deliverables that have not been received as of such date, in which case, the Technology Transfer Phase Completion shall occur on such date as the previously noticed and identified Technology Transfer Deliverables are received by Sanofi.

(b) For a period of **[***]**, Sanofi shall have access, as reasonably requested by Sanofi, free of charge, to Ardelyx scientific personnel at reasonable times during normal business hours and upon reasonable prior notice for discussion related to the Technology Transfer Deliverables and for reasonable assistance with respect to the technology transfer and use of the Licensed Technology by Sanofi; provided that the fulfillment of such requests under this Section 3.4(b) shall be at Ardelyx's full discretion if they require more than **[***]**. After the **[***]**, Ardelyx shall for an additional **[***]** period continue to respond in a reasonable time period to reasonable requests by Sanofi for additional assistance relating to the Licensed Technology; provided that

the fulfillment of such requests during the **[***]** period shall be at Ardelyx's full discretion if they require more than **[***]**. After the termination of the **[***]** period, any future requests by Sanofi for additional assistance relating to the Licensed Technology shall be addressed by Ardelyx in its sole discretion.

3.5 Prior Development Phase. After the Technology Transfer Phase Completion, the "**Prior Development Phase"** shall commence. Unless extended by the mutual written agreement of the Parties prior to its termination, the Prior Development Phase shall terminate on the date that is the **[***]**. The Parties may extend the Prior Development Phase once for an additional [***] period provided that both Parties agree in writing to the extension prior to the original termination date.

3.6 Pre-Clinical Development Plan. No later than **[***]** after the Technology Transfer Phase Completion, Sanofi shall submit to Ardelyx a plan (the **"Pre-Clinical Development Plan"**) for the discovery, research and pre-clinical development of Program Compounds, which plan may be amended from time to time by Sanofi at its sole discretion and shall have a stated goal of Filing an IND for one or more Program Compounds. The Pre-Clinical Development Plan shall include a plan for (i) **[***]**, and (ii) **[***]**. Ardelyx shall promptly provide its comments on the Pre-Clinical Development Plan proposed by Sanofi. The Parties shall thereafter promptly engage in discussions in good faith with the objective to agree on a final Pre-Clinical Development Plan.

3.7 Diligence and Expenses. Sanofi shall use Commercially Reasonable Efforts to complete the Pre-Clinical Development Plan during the Prior Development Phase, and Sanofi shall be responsible for all costs and expenses incurred in the performance of the Pre-Clinical Development Plan (other than unapproved budget overages incurred by Ardelyx with respect to the Assigned Activities). In the event that the FDA or another competent Regulatory Authority has issued a clinical hold on the Development of a Program Product, Sanofi shall use Commercially Reasonable Efforts to cause the release of such clinical hold.

ARTICLE 4.
OPTION TO CONTINUE AND GENERAL PROVISIONS ON DEVELOPMENT AND COMMERCIALIZATION

4.1 Option to Continue.

(a) Ardelyx hereby grants to Sanofi an exclusive option, exercisable at any time during the Option Exercise Period, to Exploit Program Compounds and Program Products under the terms set forth in this Agreement (the **"Option to Continue"**). If Sanofi fails to provide Ardelyx with written notice of its exercise of the Option to Continue prior to the termination of the Option Exercise Period, the Option to Continue shall no longer be exercisable and this Agreement shall terminate in accordance with Section 11.2(b).

(b) If Sanofi provides Ardelyx with written notice of its exercise of the Option to Continue during the Option Exercise Period, then (i) Sanofi shall pay to Ardelyx a nonrefundable one-time amount of **[***]** (the **"Continuation Milestone"**) as set forth in Section 6.3(a), and (ii) upon payment of the Continuation Milestone, the license grant set forth in Section 2.2 shall

automatically become effective, without further action on the part of either Party and subject to the terms and conditions of this Agreement. The Continuation Milestone shall not be creditable against any other payments Sanofi is obligated to make to Ardelyx under this Agreement.

(c) In the event Sanofi determines that a filing is required under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, with respect to the exercise of the Option to Continue, the Parties will cooperate in good faith to make the required filing. The Continuation Milestone shall be payable and the Option to Continue shall be deemed exercised only after the completion of any required filing and the end of any required waiting period. For clarity, the fact that completion of any required filing or the end or any required waiting period occurs after the end of the Option Exercise Period will not affect the validity of the Option to Continue, provided that Sanofi has provided the written notice referred to in subsection 4.1(a) above before the end of the Option Exercise Period, and provided, further that Sanofi shall diligently proceed in the preparation and filing of the required filing.

4.2 Development Plan. Following the exercise of the Option to Continue, the Development of the Program Products shall be governed by a global development plan ("**Development Plan**") describing the Development of each Program Product for any indications elected by Sanofi in each Major Country. Within **[***]** after Sanofi's exercise of the Option to Continue, Sanofi shall submit an initial Development Plan to the DAC for review and comment, or in the event the DAC has been disbanded, to Ardelyx. Thereafter, as soon as reasonably practicable following finalization thereof, Sanofi shall provide Ardelyx with any revision of the Development Plan and no less frequently than **[***]**, Sanofi shall submit **[***]** Development Plan (or a reasonably detailed summary thereof) to the DAC or to Ardelyx, as applicable under this Agreement.

4.3 Diligence Obligations.

(a) Following the exercise of the Option to Continue, Sanofi shall use Commercially Reasonable Efforts at its own cost and expense (i) to Develop one (1) Program Product for one indication in the Field (and may Develop any additional Program Products or indications) and to seek and obtain Regulatory Approval for such Program Product for use in humans in each of the Major Countries, (ii) to Manufacture or have Manufactured Program Compound and Program Product for use in the Development and Commercialization thereof, and (iii) to Commercialize a Program Product for use in humans in each of the Major Countries. Sanofi shall perform, or cause its Affiliates or Third Party contractors to perform, its responsibilities under this Agreement, in compliance with this Agreement, all Applicable Laws, including, without limitation, then-current GLP, GCP and GMP. Further, Ardelyx acknowledges and agrees that nothing in this Section 4.3 is intended, or shall be construed, to require Sanofi to Develop or Commercialize a specific Program Product. In the event that Sanofi decides to discontinue the Development or Commercialization of a Program Product in favor of another Program Product, its obligations under this Section 4.3 shall cease with respect to such initial Program Product in favor of such other Program Product. Further, for clarity, for the purposes of this Section 4.3(a), Commercially Reasonable Efforts shall be determined **[***]**, and Sanofi shall not be required to launch or otherwise commercialize a Program Product in any country of the Territory (including for clarity a Major Country) where Commercially Reasonable Efforts would not require it to do so.

(b) If Ardelyx at any time reasonably determines that a substantial delay has occurred in the Development of a Program Product, Ardelyx shall have the right to convene a meeting of the Senior Executives in order to discuss Ardelyx's determination and Sanofi's explanation therefor. The meeting shall be convened within **[***]** following Ardelyx's written request therefor. Following such meeting, if Ardelyx believes that the substantial delay has occurred due to Sanofi's failure to use Commercially Reasonable Efforts, Ardelyx shall, without further delay, have the right to proceed to exercise its rights under Section 11.2(a) (subject to the provisions set forth therein and in Article 13).

4.4 Reports of Development Activities. Sanofi will report on the Development activities, if any, undertaken by it in accordance with the Development Plan at each meeting of the DAC, or in the event the DAC has been disbanded, to Ardelyx directly, as set forth in this Section 4.4. Such reports shall include a reasonably detailed summary of all results, data and material inventions, if any, obtained from such Development activities. In addition, Sanofi will, at its own expense, make appropriate scientific and regulatory personnel available to Ardelyx, either by telephone or in person as the Parties may mutually agree, as reasonably required to keep Ardelyx reasonably informed of material Development activities conducted by Sanofi; provided that the fulfilment of such requests under this Section 4.4 shall be at Sanofi's sole discretion if they require more than **[***]** over and above the time spent with respect to the normal organization of, and attendance to, DAC meetings.

4.5 Regulatory Matters.

(a) Sanofi shall be solely responsible for all regulatory filings and communications with each Regulatory Health Authority including, without limitation, for the preparation and filing of all INDs and applications for pricing and reimbursement approval and for providing, in the format required by Regulatory Health Authorities, the data and information required to be submitted to such Regulatory Health Authorities as part of a Drug Approval Application for a Program Product, including data from all Clinical Trials and all Manufacturing and controls information required for Regulatory Approval of such Program Product by the Regulatory Health Authorities. Sanofi shall own all right, title and interest in and to any Regulatory Filings and all Regulatory Approvals relating to the Program Compounds or Program Products and they shall be held in the name of Sanofi or its designated Affiliate, Sanofi Licensee, Sublicensee or other designee. Ardelyx shall duly execute and deliver or cause to be duly executed and delivered, such instruments and shall, at Sanofi's cost and expense, do and cause to be done such acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary under or as Sanofi may reasonably request in connection with or to carry out more effectively the purpose of or to better assure and confirm unto Sanofi its rights under this Section 4.5(a).

(b) During the Term, through the DAC, or otherwise, if the DAC has been terminated pursuant to Section 3.2, Sanofi shall report to Ardelyx regarding the status of each pending or proposed IND application or Drug Approval Application covering a Program Product in the Territory.

(c) If Ardelyx has exercised the Co-Promote Option (as described in Section 5.1 below) the following provisions of this Section 4.5(c) shall apply during the term of the

Co-Promote Agreement: Sanofi shall keep Ardelyx informed on an ongoing basis regarding the schedule and process for the preparation of the Drug Approval Application in respect of the relevant Co-Promote Product in the U.S. Territory, provide final (or close to final) drafts of those sections of the Drug Approval Application requested by Ardelyx, and permit Ardelyx to review and comment on sections of such drafts in parallel with Sanofi's review process and in compliance with the timelines Sanofi has stipulated for its internal purposes, and Sanofi shall use reasonable efforts to incorporate Ardelyx's comments therein. Notwithstanding the aforesaid, if the Parties are unable to achieve a consensus regarding any comments made or changes proposed by Ardelyx, Sanofi shall make the final determination as to whether and when to file the Drug Approval Application as well as the form and content thereof. The purpose of such foregoing interactions shall be to identify and resolve any potential reasonable concerns of Ardelyx in advance of the proposed filing of such Drug Approval Applications (and in particular the initial Drug Approval Application) in the U.S. Territory. Following the filing of the initial Drug Approval Application in the U.S. Territory, Sanofi shall continue to work with Ardelyx in the manner outlined above in this Section 4.5(c) in connection with any subsequent Drug Approval Applications in the U.S. Territory for the Co-Promote Product in respect of which Ardelyx has exercised the Co-Promote Option, and Sanofi shall provide Ardelyx with a copy in electronic form of all filings to Regulatory Health Authorities in the U.S. Territory that it makes hereunder in connection with such foregoing Drug Approval Applications. Sanofi shall further promptly furnish Ardelyx with copies of all material correspondence or minutes from any material meetings with any Regulatory Health Authority, in each case relating to any such Drug Approval Application in the U.S. Territory.

(d) If Ardelyx has exercised the Co-Promote Option, the following provisions of this Section 4.5(d) shall apply during the term of the Co-Promote Agreement: Sanofi shall notify Ardelyx of any request for **[***]** and Sanofi shall allow **[***]**. The foregoing shall apply with respect to **[***]**. Sanofi shall as soon as reasonably practicable furnish Ardelyx with copies of all substantive correspondence Sanofi has had with the FDA, and contact reports concerning substantive conversations or substantive meetings with the FDA, in each case relating to any such Drug Approval Application for a Co-Promote Product.

(e) If Ardelyx has exercised the Co-Promote Option, and any Regulatory Health Authority threatens or initiates any action to remove a Co-Promote Product from the market in the U.S. Territory, Sanofi shall notify Ardelyx of such communication as promptly as reasonably practical under the circumstances, but in any event within **[***]** of receipt of such communication from the Regulatory Health Authority.

4.6 Product Recall. In the event that any government agency or authority issues or requests a recall or takes similar action in connection with the Program Compounds or the Program Products, or in the event either Party determines that an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal, the Party notified of or desiring such recall or market withdrawal shall as promptly as reasonably practical under the circumstances advise the other Party thereof. Following notification of a recall, Sanofi shall

have the right to decide whether to conduct a recall or market withdrawal (except in the case of a government-mandated recall) in the Territory and shall have control of the manner in which any such recall or market withdrawal shall be conducted. Except as otherwise agreed between the Parties in the Co-Promote Agreement with respect to Commercialization in the U.S. Territory, Sanofi shall bear the expenses of any recall of a Program Product.

4.7 General Provisions Regarding Commercialization.

(a) Sanofi will control and perform, itself or through its Affiliates, Sanofi Licensees, Sublicensees or Distributors, the Commercialization of all Program Products throughout the Territory and, as a result, shall, be obligated and responsible for using Commercially Reasonable Efforts to carry out Commercialization activities, as such Commercially Reasonable Efforts obligation is set forth in Section 4.3(a)(iii) of this Agreement. Except to the extent otherwise described in this Agreement or the Co-Promote Agreement, Sanofi will be solely responsible for, and will bear all costs relating to, the Commercialization of the Program Products in the Territory.

(b) With respect to Commercialization of Program Products (other than with respect to a Co-Promote Product in the U.S. Territory), (i) such Commercialization shall be conducted independently of Ardelyx by Sanofi, its Affiliates, Sanofi Licensees and Sublicenses, and (ii) Sanofi shall provide to Ardelyx, on **[***]**, summaries of its overall plans for Commercialization and launch of Program Products in the Major Countries, and a report of the current status of such Commercialization activities. Sanofi shall provide for the first time the information described in this Section 4.7(b) as soon as reasonably practicable following the Filing of the first Drug Approval Application for a Program Product in the Territory.

ARTICLE 5.
CO-PROMOTE AND SALES ADVISORY COMMITTEE

5.1 Co-Promote Option.

(a) In addition to its other reporting obligations under this Agreement, Sanofi shall provide to Ardelyx a final report (each a "**Phase 3 Clinical Study Report")** for each Phase 3 Clinical Trial Completed for (i) the first Program Product to enter a Phase 3 Clinical Trial and (ii) thereafter, if Ardelyx has exercised the Co-Promote Option as set forth below, for each Phase 3 Clinical Trial Completed that is subsequently conducted for any additional Program Products. Each such Phase 3 Clinical Study Report shall be delivered within thirty (30) days after the date of Completion of such Phase 3 Clinical Trial.

(b) Ardelyx shall have the non-exclusive option to elect to participate in the marketing and promotion of the Program Products (referred to in subsection (a) above) in the U.S. Territory, as set forth below in this Article 5 and subject to a separate Co-Promote Agreement to be executed pursuant to Section 5.8(b) (the "**Co-Promote Option**"). Ardelyx shall have the right to exercise the Co-Promote Option in respect of each Program Product for which Phase 3 Clinical Trial development has been Completed as described in subsection (a) above in the U.S. Territory, by providing to Sanofi a written notice of its election to do so, within **[***]** after its receipt of the Phase 3 Clinical Study Report for the final Phase 3 Clinical Study to

be Completed for such Program Product indication prior to filing for Regulatory Approval for such indication. If Ardelyx does not provide the above election notice within such **[***]** period with respect to the first Program Product indication Ardelyx shall be deemed to have irrevocably waived its rights under the Co-Promote Option to such Program Product indication and any additional indications for such Program Product, or any additional Program Products. .

(c) "**Co-Promote Product**" shall mean a Program Product marketed and promoted in the U.S. Territory for all indications approved unless otherwise provided in the Co-Promote Agreement; provided that Ardelyx has duly exercised the Co-Promote Option for such product, in accordance with Section 5.1(b), and that a Co-Promote Agreement has been executed by the Parties.

5.2 Sales Advisory Committee Overview. Ardelyx and Sanofi shall create a sales advisory committee ("**Sales Advisory Committee**" **or "SAC"**), within **[***]** after Sanofi's receipt of Ardelyx's written notice of its exercise of the Co-Promote Option pursuant to Section 5.1(b). The SAC shall remain in effect throughout the Term unless and until **[***]**. The SAC shall serve as a forum for discussing and sharing Commercial Information; discussing promotion strategy regarding the Commercialization of the Co-Promote Products in the U.S. Territory; and discussing the allocation of Commercialization activities to be conducted by Ardelyx and Sanofi, all in accordance with the Co-Promote Agreement and the provisions set forth below in this Article 5.

5.3 Composition of SAC. **[***]** The SAC shall be chaired by a representative of **[***]**. The chairperson shall be responsible for calling meetings, setting the agenda, circulating – where reasonably possible given the urgency of the matter at hand – the agenda at least ten (10) days prior to each meeting and distributing minutes of the meetings within thirty (30) days following such meetings (provided that the chairperson may elect to delegate the performance of such responsibilities to other members of the SAC from time to time). Each Party shall have the right to withdraw or replace its SAC representatives upon written notice to the other Party, provided that any such substitute representative shall have substantially the equivalent position and experience as the representative that such person replaces. Each Party shall disclose to the chairperson any proposed agenda items, along with appropriate Commercial Information at least twenty (20) Business Days in advance of each meeting of the SAC (or otherwise as early as possible in advance of such meeting). The chairperson shall not unreasonably reject any proposed agenda items. The members of the SAC shall have substantial experience in pharmaceutical sales and marketing. From time to time, the SAC may invite personnel of the Parties having commercial, marketing and other expertise to participate in discussions of the SAC.

5.4 Responsibilities of the SAC. The SAC's responsibilities will include, (i) reviewing the overall plans for Commercialization ("**US Commercialization Plans**") and launch of the Co-Promote Products ("**US Launch Plans**") in the U.S. Territory and reviewing plans for trademark selection for the Co-Promote Products in the U.S. Territory, such plans to be prepared and approved by Sanofi, (ii) receiving and providing to the Parties any relevant sales, pricing, and financial reports pertaining to Pre-Approval Activities and Commercialization of the Co-Promote Products in the U.S. Territory, (iii) facilitating the flow of Commercial Information with respect to the Commercialization of the Co-Promote Products in the U.S. Territory, as needed,

(iv) performing quarterly reviews of the progress of launch and Commercialization activities in the U.S. Territory with respect to the Co-Promote Products, and (v) coordinating the efforts of the Parties in connection with Commercialization of the Co-Promote Products in the U.S. Territory. Sanofi shall provide the first draft of the US Commercialization Plan and the US Launch Plan when available for Sanofi's own Commercialization purpose. For clarity, each Party shall be required to disclose through the SAC or, in the event the SAC is terminated pursuant to Section 5.7, directly to the other Party only such information reasonably necessary to Co-Promote the Product in the U.S. Territory.

5.5 Meetings of the SAC. The SAC shall hold meetings at such times and places as shall be determined at least once every **[***]**. Meetings of the SAC will alternate between the offices of the Parties, unless otherwise agreed upon by the members of the SAC, or may be held via internet telephonically or by video conference. Meetings of the SAC will be effective only if at least **[***]** each Party are in attendance or participating in the meeting. Each Party will be responsible for the expenses incurred by its employees, consultants and its members of the SAC attending or otherwise participating in SAC meetings.

5.6 SAC Decision Making. The SAC shall **[***]**.

5.7 Ardelyx Membership. Ardelyx's membership in the SAC shall be at its sole discretion, as a matter of right and not obligation, for the sole purpose of performing activities within the remit of the SAC. Ardelyx shall have the right to irrevocably withdraw from membership in the SAC upon thirty (30) days' written notice to Sanofi, which notice shall be effective upon the expiration of such thirty (30) day period. Such withdrawal shall not, however, relieve Ardelyx of any of its obligations under this Agreement (apart from the obligation to participate at SAC meetings). Upon the effective date of Ardelyx's withdrawal pursuant to the above, (i) Ardelyx's membership in such committee shall be terminated, and (ii) Ardelyx shall have the right to continue to receive the Commercial Information it would otherwise be entitled to receive under this Agreement.

5.8 Co-Promote Activities in the U.S. Territory.

(a) If Ardelyx has duly exercised the Co-Promote Option as per Section 5.1, Ardelyx shall be entitled and obligated to carry out those promotional tasks within the U.S. Territory in respect of the Co-Promote Product (for which Regulatory Approval has been obtained in the U.S. Territory) that will be allocated to it in accordance with this Article 5 and subject to relevant US Launch Plans, US Commercialization Plans and the Co-Promote Agreement. Ardelyx's participation in the Promotion Activities shall, at a minimum, include (i) **[***]** (for clarity, such Detail efforts to include those performed by Ardelyx, in the event it exercises the Co-Promote Option) with respect to the relevant Co-Promote Products in the U.S. Territory as set forth in the US Commercialization Plan and the US Launch Plan prepared by Sanofi, and (ii) Other Promotional Activities and may constitute, at Ardelyx's election, **[***]**, as determined in the Co-Promote Agreement.

(b) Within thirty (30) days after its exercise of the Co-Promote Option as per Section 5.1, Ardelyx shall provide to the SAC a proposal ("**Promotion Proposal**") describing the Detail commitments and Other Promotional Activities proposed to be undertaken by Ardelyx in

connection with the Commercialization of the Co-Promote Products in the U.S. Territory. Such Promotion Proposal shall include, among other things, a detailed description of the Detailing and of any Pre-Approval Activities and Other Promotional Activities that Ardelyx proposes to conduct in the U.S. Territory, **[***]**. The Promotion Proposal shall be considered and discussed by the SAC. Based on such discussions, Ardelyx and Sanofi (or, at Sanofi's option, one of Sanofi's Affiliates) shall negotiate in good faith to execute as promptly as possible a separate agreement (the "**Co-Promote Agreement**") that shall set forth the detailed activities and responsibilities of Ardelyx in respect of Detailing, Pre-Approval Activities and Other Promotion Activities in each case in the U.S. Territory, and the consequences of Ardelyx's failure to adequately perform its obligations under the Co-Promote Agreement. The Co-Promote Agreement shall provide for payment to Ardelyx for the Detail, Pre-Approval Activities and Other Promotional Activities to be undertaken by Ardelyx, and shall (i) specify a per Detail fee ("**Detail Rate**") reflecting the value of Detail services mutually agreed upon by the Parties, and an appropriate FTE rate (the "**Promotion FTE Rate**") for Other Promotional Activities and Pre-Approval Activities to be performed by Ardelyx (if any) and (iii) otherwise contain such additional reasonable terms and conditions as the Parties deem appropriate. In the event that the Parties are unable, after engaging in good faith negotiations within the parameters set forth in Section 5.8(a), to agree on the terms of the Co-Promote Agreement, such failure to agree on terms shall not be a material breach of this Agreement.

(c) With respect to Co-Promotion in the U.S. Territory, at any time during the Term, Ardelyx may make a one-time, irrevocable election to terminate its efforts with respect to its participation in the promotion of the Co-Promote Products in the U.S. Territory upon **[***]** prior written notice and any other conditions set forth in the Co-Promote Agreement, in which case all such activities shall be conducted, as between the Parties, solely by Sanofi, its Affiliates, Sanofi Licensees, Sublicensees or contractors (excluding Ardelyx) upon expiration of such notice period.

(d) For clarity, Sanofi shall not, and shall procure that its Affiliates, Sanofi Licensees and Sublicensees shall not, **[***]**.

ARTICLE 6.
CONSIDERATION

6.1 Licensed Know How. The Parties acknowledge the substantial value of the Licensed Know How provided to Sanofi under this Agreement and, the significant contributions of Ardelyx in the Development and Commercialization of the Program Products as a result of the Licensed Know How provided hereunder to Sanofi, including enabling Sanofi to identify, make, optimize and characterize new Program Compounds that may not be covered or claimed by the Listed Patents. Accordingly, for their convenience, the Parties have provided for the payment of milestones and royalties pursuant to this Article 6 for Program Products, whether the active ingredient is an Ardelyx Compound or a Covered Compound.

6.2 Upfront. As partial payment for the rights and licenses granted to Sanofi by Ardelyx under this Agreement, Sanofi shall pay to Ardelyx a nonrefundable one-time upfront payment of one million two hundred fifty thousand U.S. dollars (U.S. $1,250,000) within ten (10) Business Days after the Effective Date against an invoice received by Sanofi from Ardelyx

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

no later than such date, which invoice may be sent on or after the Effective Date. The upfront payment shall not be creditable against any other payments Sanofi is obligated to make to Ardelyx under this Agreement.

6.3 Milestone Payments.

(a) Sanofi shall make the following one-time, nonrefundable milestone payments to Ardelyx within **[***]** after receipt of an invoice from Ardelyx following the first achievement of each of the following milestone events:

Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) With respect to the milestones set forth in Section 6.3(a), it is the intention of the Parties that if Sanofi **[***]**, then at the time the milestone associated with the **[***]**. For clarity, the total aggregated milestone payments that may be made under Section 6.3(a) shall not exceed **[***]**. For the avoidance of doubt, the milestones set forth in Section 6.3(a) shall be payable only with respect to use of a Program Product in humans.

(c) Notwithstanding anything else set forth herein, none of the milestone payments set forth in Section 6.3(a) shall be payable more than once irrespective of the number of Program Products or indications that have achieved the relevant milestone events set forth in Section 6.3(a).

(d) No payments pursuant to Section 6.3(a) shall be creditable against any other payments Sanofi is obligated to make to Ardelyx under this Agreement.

6.4 Royalties.

(a) Subject to the provisions set forth below in Sections 6.4(b) through 6.4(j), and Section 6.5, Sanofi shall pay to Ardelyx, with respect to each Program Product, a royalty on aggregate Annual Net Sales of each such Program Product made by Sanofi, its Affiliates, Sanofi Licensees or its Sublicensees as follows:

Portion of aggregate Annual Net Sales of relevant Program Product	Royalty Rate
>U.S. $**[***]** and ≤U.S. $**[***]**	[***]
>U.S. $**[***]** and ≤U.S. $**[***]**	[***]
>U.S. $**[***]** and ≤U.S. $**[***]**	[***]
>U.S. $**[***]**	[***]

(b) The calculation of royalties under this Section 6.4 shall be conducted separately for each Program Product. Thus, if Sanofi sells more than one Program Product in the Territory, the thresholds and ceilings in Section 6.4(a) shall apply separately to each Program Product.

(c) Sales between Sanofi, its Affiliates, Sanofi Licensees and Sublicensees shall not be subject to royalties hereunder. Royalties shall be calculated on Sanofi's, its Affiliates', Sanofi Licensees' and Sublicensees' sales of the Program Products to a Third Party, including Distributors (but excluding, for the avoidance of doubt, Sanofi Licensees and Sublicensees). Royalties shall be payable only once for any given batch of the Program Products. For the purpose of determining Net Sales, the Program Product shall be deemed to be sold when invoiced and a "sale" shall not include, and no royalties shall be payable on, transfers by Sanofi, its Affiliates, Sanofi Licensees or Sublicensees of free samples of Program Product or clinical trial materials, or other transfers or dispositions for charitable, pre-clinical, clinical, manufacturing, testing or qualification, regulatory or governmental purposes.

(d) If (i) Sanofi, in its reasonable judgment, determines that it is required to obtain a license or other right from any Third Party in order to avoid infringement of such Third Party's Patent, (ii) Sanofi does not have any other commercially reasonable alternatives available to avoid such infringement, and (iii) Sanofi is required to pay to such Third Party a royalty, milestone payments or other monetary compensation in consideration for the grant of such license ("**Third Party Compensation**"), then for the period during which Sanofi owes royalties to Ardelyx hereunder, the amounts that would otherwise have been payable as royalties to Ardelyx under this Agreement shall be reduced by **[***]**. In the event Sanofi does not recoup **[***]** in a given period, due to the application of Section 6.4(g) or otherwise, it may **[***]**.

(e) If, at any time, in any particular country in the Territory, (i) a Generic Product receives Regulatory Approval in such country and is introduced for commercial sale into such country, and (ii) **[***]** decrease by more than **[***]** compared to the average Net Sales of the two Calendar Quarters immediately preceding the first Calendar Quarter in which the Generic Product is sold, then, the royalties that would otherwise have been payable on Net Sales of such Program Product in such country under this Agreement shall be reduced by **[***]** as from the

first Calendar Quarter in which this Section 6.4(e) applies and thereafter for so long as **[***]** in the two Calendar Quarters immediately preceding the first Calendar Quarter in which the Generic Product is sold. Further, if, at any time, in any particular country in the Territory, (i) a Generic Product receives Regulatory Approval in such country and is introduced for commercial sale into such country and, (ii) **[***]** decrease by more than **[***]** compared to the average Net Sales of the two Calendar Quarters immediately preceding the first Calendar Quarter in which the Generic Product is sold, then **[***]** the royalties that would otherwise have been payable on Net Sales of such Program Product in such country under this Agreement shall be reduced by **[***]** as from the first Calendar Quarter in which this Section 6.4(e) applies and thereafter for **[***]** in the two Calendar Quarters immediately preceding the first Calendar Quarter in which the Generic Product is sold. The calculation of the royalty reduction under this Section 6.4(e) shall be conducted separately for each Program Product in each country.

(f) If Applicable Law or a court or a governmental agency of competent jurisdiction requires Sanofi or any of its Affiliates or its or their Sanofi Licensees or Sublicensees to grant a compulsory license to a Third Party permitting such Third Party to make and sell a Program Product in a country in the Territory (a **"Compulsory License"**), and the royalty rate for royalties payable to Sanofi, its Affiliates or its or their Sanofi Licensees or Sublicensees on Net Sales (which term for the purpose of this Section 6.4(f) shall apply *mutatis mutandis* to sales by such grantee) of Program Products by or on behalf of such grantee of the Compulsory License is less than the royalty rate for royalties on Net Sales due to Ardelyx pursuant to this Section 6.4 in such country, then the royalty rate applicable to Net Sales for royalties due Ardelyx in such country shall be reduced to **[***]**. If Sanofi or its Affiliates receives any compensation (other than royalty payments) for the Compulsory License from the grantee of the Compulsory License, then **[***]** (but such compensation shall otherwise be disregarded for the purpose of applying thresholds and ceilings). If Sanofi, its Affiliates, Sanofi Licensees, or Sublicensees learn that a Third Party is seeking a Compulsory License in any country in the Territory, Sanofi shall use Commercially Reasonable Efforts to oppose the granting of such Compulsory License. The royalty rate reduction set forth herein shall be effective as from the first Calendar Quarter in which this Section 6.4(f) applies and thereafter for so long as this Section 6.4(f) applies. The calculations of the royalty rate reduction under this Section 6.4(f) shall be conducted separately for each Program Product in each country.

(g) Any reductions set forth in Sections 6.4(d), 6.4(e) and 6.4(f) shall be applied in the order in which the event triggering such reduction occurs; provided that in no event shall the royalties that would otherwise have been payable to Ardelyx under this Section 6.4 in a particular Calendar Quarter, due to the cumulative reductions set forth out in Sections 6.4(d), 6.4(e) and 6.4(f), be reduced by more than **[***]** of that which would be due pursuant to Section 6.4(a).

(h) Sanofi's obligation to pay royalties due under this Section 6.4 shall commence on a country-by-country basis, with respect to each separate Program Product, on the date of the First Commercial Sale of such Program Product in such country and shall expire, on a country-by-country basis, with respect to such Program Product, at the latest of: (i) the **[***]** of the First Commercial Sale of such Program Product in such country (or, in the case of **[***]** of such Program Product in any **[***]**), and (ii) subject to Section 6.4(i) below, the date on which there is no longer a Valid Claim covering the Manufacture, use or sale of such Program Product in such

country. At such time as (i) there is no longer a Valid Claim covering the Manufacture, use or sale of a Program Product in such country, and (ii) **[***]**. Upon expiry of Sanofi's exclusive licenses with respect to a Program Product in a country, the license granted to Sanofi under Section 2.2 shall automatically, and without further action on the part of Ardelyx or Sanofi, become non-exclusive, fully-paid, irrevocable and perpetual with respect to such country and the Net Sales of such Program Product in such country shall be excluded from royalty calculations under this Section 6.4 (including for purposes of applying thresholds and ceilings).

(i) For clarity, no royalty shall be payable with respect to **[***]**. At such time, Sanofi shall be obligated to pay Ardelyx royalties on Net Sales of any Program Product in such country until such time as there is no longer a Valid Claim covering the Manufacture, use or sale of such Program Product in such country. In addition, Sanofi shall pay to Ardelyx royalties calculated **[***]**.

(j) For further clarity, after the **[***]**, Sanofi will be not be obligated to pay royalties on Net Sales in such country if **[***]**.

6.5 Combination Products. In the event Ardelyx is entitled to receive royalties under this Agreement from any Program Product sold in the form of a Combination Product in any given country, then Net Sales for such Combination Product will be calculated by multiplying the actual Net Sales of such Combination Product in such country by the fraction A/(A+B), where A is the average gross invoice price in such country of a Program Product, containing the same amount of Program Compound as the sole active ingredient as the Combination Product in question (a "**Comparable Program Product**"), if sold separately, and B is the average gross invoice price in the given country of the ready for sale form of a product containing the same amount of the other therapeutically active ingredient(s) in the Combination Product that are not Program Compounds (the "**Other Ingredients**"), if sold separately. If, on a country-by-country basis, the Other Ingredients are not sold separately in a country, Net Sales in such country for the purpose of determining royalties of the Combination Product shall be calculated by multiplying actual Net Sales of such Combination Product in such country by the fraction A/C where A is the average gross invoice price in such country of a Comparable Program Product, if sold separately, and C is the average gross invoice price of the Combination Product in such country. If, on a country-by-country basis, a Comparable Program Product is not sold separately, Net Sales in such country for the purpose of determining royalties of the Combination Product shall be calculated by multiplying actual Net Sales of such Combination Product by the fraction (C-B)/C, where B is the average gross invoice price in such country of the Other Ingredients and C is the average gross invoice price in such country of the Combination Product. For the purpose of the above, the average gross invoice price for a Comparable Program Product and for each Other Ingredient shall be for a quantity comparable to that used in the Combination Product in question and of the same class, purity and potency. If, on a country-by-country basis, neither a Comparable Program Product nor the Other Ingredients are sold separately in a country, Net Sales in such country for the purposes of determining royalties of such Combination Product shall be determined based on the ratio of the cost of goods of the Program Compound to the sum of the cost of goods of the Program Compound and the cost of goods of the Other Ingredients.

6.6 Sales by Sanofi Licensees or Sublicensees. In the event Sanofi grants licenses or sublicenses to one or more Sanofi Licensees or Sublicensees to make or sell Program Products to the extent permitted hereunder, such licenses and sublicenses shall include without limitation an obligation for the Sanofi Licensee and Sublicensee to account for and report its Net Sales of such Program Products on the same basis as if such sales were Net Sales by Sanofi, and Sanofi shall pay royalties to Ardelyx as if the Net Sales of the Sanofi Licensee and Sublicensee were Net Sales of Sanofi.

6.7 Royalty Payments and Reports. The royalties payable under Section 6.4 shall be calculated quarterly as of the last day of March, June, September and December respectively for the Calendar Quarter ending on that date. Sanofi shall deliver to Ardelyx a report summarizing the Net Sales of Program Products during each Calendar Quarter following the First Commercial Sale of a Program Product in the Territory. Such report shall be delivered within **[***]** following the end of each Calendar Quarter for which royalties are due from Sanofi. Any royalties payable to Ardelyx or its designee under this Agreement shall be paid **[***]** in the foregoing sentence of this Section 6.7.

6.8 Taxes.

(a) The royalties, milestones and other amounts payable by Sanofi to Ardelyx pursuant to this Agreement ("**Payments**") shall not be reduced on account of Taxes unless required by Applicable Laws. Sanofi shall deduct or withhold from the Payments any Taxes that it is required by Applicable Laws to deduct or withhold. Notwithstanding the foregoing, if Ardelyx is entitled (whether under any applicable tax treaty or otherwise under Applicable Laws) to a reduction in the rate of, or the elimination of, withholding Tax, it may deliver to Sanofi or the appropriate governmental authority (with the assistance of Sanofi to the extent that this is reasonably required and is expressly requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Sanofi of its obligation to withhold Tax, and Sanofi shall apply the reduced rate of withholding, or dispense with withholding, as the case may be. If, in accordance with the foregoing, Sanofi withholds any Tax, it shall make timely payment to the proper Tax Authority of the withheld Tax, in accordance with Applicable Laws, and send to Ardelyx proof of such payment within fifteen (15) days following that payment. Sanofi agrees to take reasonable and lawful efforts to minimize such Taxes to Ardelyx. Sanofi shall cooperate with Ardelyx as reasonably requested in any claim for refund or application to any Tax Authority. If Sanofi intends to withhold Tax from any Payment, Sanofi shall inform Ardelyx reasonably in advance of making such Payment to permit Ardelyx an opportunity to provide any forms or information or obtain any Tax Authority approval as may be available to reduce or eliminate such withholding.

(b) Notwithstanding the foregoing provisions of this Section 6.8, to the extent any Taxes are required to be deducted or withheld from any Payment by reason of an assignment by Sanofi of any of its rights or obligations under this Agreement, the amounts otherwise payable to Ardelyx shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 6.8), Ardelyx receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Notwithstanding anything to the contrary contained in this Section 6.8 or elsewhere in this Agreement, the following shall apply with respect to Indirect Taxes. All Payments are exclusive of Indirect Taxes. If any Indirect Taxes are chargeable in respect of any Payments, Sanofi shall pay such Indirect Taxes at the applicable rate in respect of any such Payments following the receipt, where applicable, of an Indirect Taxes invoice issued by Ardelyx in respect of those Payments, such Indirect Taxes to be payable on the due date of the payment of the Payments to which such Indirect Taxes relate or at the time such Indirect Taxes are required to be collected by Ardelyx, in the case of payment of Indirect Taxes to Ardelyx. The Parties shall issue invoices for all goods and services supplied under this Agreement consistent with Indirect Tax requirements, and to the extent any invoice is not initially issued in an appropriate form, Sanofi shall promptly inform Ardelyx and shall cooperate with Ardelyx to provide such information or assistance as may be necessary to enable the issuance of such invoice consistent with Indirect Tax requirements.

6.9 Payments or Reports by Affiliates. Any Payment required under any provision of this Agreement to be made to Ardelyx or any report required to be made by Sanofi shall be made by an Affiliate of Sanofi if such Affiliate is designated by Sanofi as the appropriate payer or reporting entity.

6.10 Mode of Payment and Invoice Requirements. All payments set forth in this Article 6 shall be remitted by wire transfer to the bank account of Ardelyx as designated in writing to Sanofi.

6.11 Payment Currency. Payments by Sanofi under this Agreement shall be paid to Ardelyx in U.S. dollars. For the purposes of computing the Net Sales of Program Products sold in a currency other than U.S. dollars, such currency shall be converted from local currency to U.S. dollars by Sanofi in accordance with the rates of exchange for the relevant month for converting such other currency into U.S. dollars used by Sanofi's internal accounting systems, which are independently audited on an annual basis.

6.12 Imports. For the avoidance of doubt, the Parties acknowledge and agree that none of the milestones or royalties payable under this Agreement are related to the license (or right) to import or any import of Program Products. The receiving Party shall be responsible for any import clearance, including payment of any import duties and similar charges, in connection with any Program Products transferred to such Party under this Agreement. The Parties shall co-operate in accordance with Applicable Laws to ensure where permissible that no import duties are paid on imported materials. Where import duties are payable, the Parties shall co-operate to ensure that the Party responsible for shipping values the materials in accordance with Applicable Laws and minimizes where permissible any such duties and any related import taxes that are not reclaimable from the relevant authorities.

6.13 Discounted Sales. In the event that one or more Program Products is included as part of a package of products offered to customers of Sanofi, and discounts on packages including Program Products are offered independently in the Territory, Sanofi shall not discount the price of the Program Products sold as part of a package unreasonably compared to the discount Sanofi offers on prices of the other products included in such package.

6.14 Diagnostic or Veterinary Products. The milestones and royalties in this Article 6 shall not apply to the Development and Commercialization of Program Products for diagnostic, veterinary or any other non-human use or for uses solely for screening patients who have been diagnosed with a disease, state or condition for eligibility to be treated for such disease, state or condition with a Program Product or for monitoring patients who are or have been treated with a Program Product. In the event that a Program Product is Developed for any such purposes, Sanofi shall pay Ardelyx such separate milestones and royalties for the development, commercialization or sale of such Program Product as are commercially reasonable taking into account the commercial potential of such Program Product and standard commercial terms in the industry for such products. If Sanofi decides to initiate development of such a Program Product, Sanofi shall notify Ardelyx thereof in writing and the Parties shall thereafter negotiate in good faith within a period of four (4) months from such notice to agree on such separate milestones (if any) and royalties. In the event of a failure of the Parties to reach such agreement within the aforementioned four (4) month period or any extension of such period mutually agreed by the Parties or otherwise in the event of a dispute as to the separate milestone and royalties for such Program Product, each Party shall be entitled to escalate the matter in accordance with Section 13.1 and, if applicable, to refer the matter to arbitration in accordance with Section 13.2(b).

ARTICLE 7.
CONFIDENTIALITY

7.1 Product Information.

(a) The Parties recognize that by reason of, among other things, the requirement that Sanofi exercises the Option to Continue prior to the license grant under Section 2.2 becoming effective, and Ardelyx's grant of the exclusive Option to Continue to Sanofi, both Parties have an interest in the retention in confidence of certain information relating to the Program Compounds and Program Products. Accordingly, except as set forth in this Section 7.1(a), Section 7.3 or Section 7.5 or expressly authorized elsewhere in this Agreement, until such time as Sanofi exercises the Option to Continue and pays the Continuation Milestone in accordance with the terms hereof, Ardelyx and Sanofi shall, and shall each cause its respective Affiliates and their respective officers, directors, employees and agents to, keep confidential, and not publish or otherwise disclose, and not use directly or indirectly for any purpose other than to perform its obligations under this Agreement, (i) any information that is Controlled by Ardelyx relating to the Ardelyx Compounds or Licensed Patents or constituting Licensed Know-How or Joint Technology, or (ii) any information that is Controlled by Sanofi constituting Sole Program Know-How owned by Sanofi or Joint Technology, or relating to Sanofi Sole Invention Patents or Program Compounds (collectively, (i) and (ii) "**Product Information**") except in each case, to the extent the Product Information is in the public domain prior to the Effective Date, or through no fault of either Party, its Affiliates or any of their respective officers, directors, employees or agents enters the public domain after the Effective Date. For clarification, the disclosure or transfer by Ardelyx to Sanofi or by Sanofi to Ardelyx of any Product Information shall not cause such information to cease to be subject to the provisions of this Section 7.1. Notwithstanding anything herein, Sanofi shall not be restricted from using its own Product Information for any purpose, to the extent that such use would not constitute an infringement of the Program Patents.

(b) Following the exercise of the Option to Continue and Ardelyx's receipt of the Continuation Milestone, (i) the restrictions set forth in Section 7.1(a) regarding Sanofi's use and disclosure of Product Information described in Section 7.1(a)(ii) shall terminate and be of no further force or effect with respect to Sanofi, and (ii) if this Agreement is terminated in its entirety or in a given country for any reason, this Section 7.1 shall as from the effective date of such termination have no continuing force or effect (provided that if such termination is with respect to one or several specific country(ies) only, then this Section 7.1 will have no continuing force or effect as to such specific country(ies)) and all Product Information shall be deemed to be Confidential Information of the Party that disclosed such Product Information, or on whose behalf such Product Information was disclosed, pursuant to this Agreement, for purposes of the surviving provisions of this Agreement.

7.2 Confidentiality General. Except as provided in Section 7.1 with respect to Product Information, the Parties agree that the Party receiving Confidential Information disclosed by or on behalf of the other Party pursuant to this Agreement shall, and shall cause its officers, directors, employees, agents, Affiliates, Sanofi Licensees and Sublicensees and other Persons to which a sublicense or license is granted, to, keep confidential and not publish or otherwise disclose or use for any purpose other than to conduct its activities under this Agreement or otherwise as expressly authorized by this Agreement any Confidential Information disclosed to it by or on behalf of the other Party pursuant to this Agreement. For the avoidance of doubt, the treatment of Confidential Information that is also Product Information is governed by the terms of Section 7.1, while the treatment of Confidential Information that is not also Product Information is governed by this Section 7.2. Notwithstanding anything in this Section 7.2, Sanofi shall not be restricted by the provisions of this Section 7.2 from using its own Confidential Information for any purpose.

7.3 Exceptions. Notwithstanding the foregoing, the obligations set forth in Section 7.2 shall not apply in respect of Confidential Information (not constituting Product Information) to the extent that it can be established by the receiving Party that such Confidential Information:

(a) was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure by or on behalf of the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) was independently developed (outside the Program) without use of the disclosing Party's information, as evidenced by contemporaneous written records;

(d) became generally available to the public or otherwise part of the public domain after its disclosure to the receiving Party and other than through any act or omission of the receiving Party in breach of this Agreement;

(e) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others; or

7.4 Receipt of Third-Party Information and Materials. Neither Party shall knowingly receive documents relating to Program Products or Program Compounds as to which the other Party has a right to receive hereunder (e.g., under the Grantback License or the termination provisions of this Agreement) under an obligation of confidentiality to Third Parties that requires the Party receiving such documents to withhold access to the other Party without such Party's written consent.

7.5 Authorized Disclosure. Each Party may disclose Confidential Information and Product Information to the extent that such disclosure is: (a) required by law, order, or regulation of a government agency or a court of competent jurisdiction, or by the rules of a securities exchange, provided that the Party required to make such disclosure shall (i) give the other Party reasonable advance notice of and an opportunity to comment on any such required disclosure, (ii) if requested by the other Party, use Commercially Reasonable Efforts to obtain protective orders or any available limitations on or exemptions from such disclosure requirement where applicable and practicable, and (iii) limit such disclosure to that information which is legally required to be disclosed by such law, order or regulation of a government agency or by a court of competent jurisdiction; (b) made to a patent office for the purposes of filing or enforcing a Patent as permitted in this Agreement, provided, however, that reasonable measures shall be taken to assure confidential treatment of such information, to the extent such protection is available; (c) made by Sanofi or its Affiliates, Distributors, Sanofi Licensees, Sublicensees or other sublicensees to a Regulatory Health Authority for the purposes of any filing, application or request for Regulatory Approval for Program Compounds or Program Products as permitted in this Agreement; (d) made to investment bankers, financial advisors, actual or potential Third Party partners, investors, licensees, sublicensees or acquirers of all or substantially all of the assets to which this Agreement relates; or (e) made by Sanofi or its Affiliates, Distributors, Sanofi Licensee, or Sublicensees to Third Parties as may be necessary or useful in connection with the Exploitation of the Program Compounds or Program Products as contemplated by this Agreement, including subcontracting or sublicensing transactions in connection therewith; provided that with respect to disclosures as per subsection (d), (e), or the following sentence, the Party making such disclosures shall ensure that each Third Party recipient is bound by obligations of confidentiality and non-use no less restrictive than those contained in this Agreement and shall be liable to the other Party for any breach of such confidentiality obligations by the relevant recipient; provided further that any disclosure made by Ardelyx as per subsection (d) to a Major Pharmaceutical Company shall be made in compliance with the process described in Exhibit F hereto. In addition (but without prejudice) to the above provisions, each Party shall be entitled to disclose, under confidentiality obligations at least as protective as those of this Article 7, Confidential Information to any Third Party for the purpose of carrying out activities authorized under this Agreement, including without limitation disclosures to Sublicensees or other sublicensees.

7.6 Survival. This Article 7 (other than Section 7.4) shall survive the termination or expiration of this Agreement for a period of ten (10) years.

7.7 Termination of Prior Agreements. This Agreement supersedes the Confidentiality Agreement between Ardelyx and Sanofi dated as of October 6, 2011 and the first amendment dated as of January 25, 2012 and the second amendment dated as of October 5, 2012 (collectively, the "**CDA**"). All information exchanged between the Parties under the CDA shall

be deemed Product Information or (as the case may be) Confidential Information and shall be subject to the terms of this Article 7, and shall be included within the definitions of Licensed Know-How and Sanofi Background Know-How, as applicable.

7.8 Publications. Except as required by law, (a) Ardelyx agrees that it shall not publish or present any Product Information, (b) Sanofi agrees that, prior to the exercise of the Option to Continue and Ardelyx's receipt of the Continuation Milestone, it shall not publish or present any Product Information, and (c) each Party agrees that it shall not publish or present any Confidential Information of the other Party, in the case of (a), (b) or (c), (i) without the opportunity for prior review by the other Party and (ii) other than in compliance with this Section 7.8 (or as permitted under Sections 7.1, 7.3 and 7.5). Each Party shall provide to the other the opportunity to review any proposed publications or presentations (including without limitation information to be presented verbally) that relate to Program Compounds or Program Products as early as reasonably practical, but at least **[***]** prior to their intended submission for publication or presentation and such submitting Party agrees, upon written request from the other Party within the Review Period (as defined below), not to submit such abstract or manuscript for publication or to make such presentation until the other Party agrees, which agreement shall not be unreasonably withheld. The other Party shall have **[***]** after its receipt of any such publication or presentation (the "**Review Period**") to notify the submitting Party in writing of any specific objections to the intended publication or presentation. Each Party shall, in any such publication or presentation, delete from the proposed disclosure any Confidential Information of the other Party; **[***]**. Additionally, if the other Party notifies the submitting Party within the Review Period that the other Party objects to such disclosure on the basis that a patent application covering information contained in such disclosure should be filed prior to such disclosure, the submitting Party agrees to reasonably delay disclosure of the relevant information, for up to [***] after the other Party's timely notification of its objection as per the above, or until such application has been filed, if earlier. Once any such abstract or manuscript is accepted for publication, the submitting Party will provide the other Party with a copy of the final version of the manuscript or abstract.

ARTICLE 8.
OWNERSHIP OF INTELLECTUAL PROPERTY AND PATENT RIGHTS

8.1 Disclosure. During the Term, Ardelyx shall disclose to Sanofi any Sole Program Know-How of Ardelyx and any Joint Program Know-How. During the term, Sanofi shall disclose to Ardelyx (i) any Sole Program Know-How of Sanofi (X) to the extent necessary to enable Ardelyx to perform the Assigned Activities and the Promotion Activities, or (Y) to the extent such Sole Program Know-How relates to Program Compounds or is otherwise likely to have a material impact on the conduct of the Program by Sanofi, and (ii) the Joint Program Know-How.

8.2 Ownership.

(a) For the avoidance of doubt, Sanofi shall retain all rights, title and interest in and to any and all Sanofi Background Technology, subject only to the **[***]**.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) Inventorship of all inventions and Know-How conceived or made in the course of activities performed after the Effective Date in the course of the Parties' performance of activities with respect to the Exploitation of Program Compounds and Program Products or the use of Licensed Technology under this Agreement shall be determined in accordance with the laws of inventorship of the United States. Subject to the licenses granted in Article 2 and to the other provisions of this Agreement, all such inventions and Know-How that are conceived or made solely by employees or independent contractors of one Party in the course of the Parties' performance of this Agreement with respect to the Exploitation of Program Compounds and Program Products or in the course of the Parties' use of the Licensed Technology in the performance of this Agreement ("**Sole Program Know-How**") shall be solely owned by the conceiving Party, and any inventions and Know-How that are conceived or made jointly by employees or independent contractors of each Party in the course of the Parties' performance of this Agreement with respect to the Exploitation of Program Compounds and Program Products or in the course of the Parties' use of the Licensed Technology in the performance of this Agreement will be owned jointly by the Parties ("**Joint Program Know-How**"); provided that all inventions and Know-How conceived or made in the course of the technology transfer described in Section 3.4 or through the participation of Ardelyx in the DAC, SAC, or in meetings held pursuant to Section 8.3, shall be Sole Program Know-How owned by Sanofi and not Joint Program Know-How.

(c) To the extent permissible under Applicable Laws, each Party will cause each employee and contractor conducting work on such Party's behalf under this Agreement to sign a contract that (i) compels prompt disclosure to such Party of all inventions and Know-How conceived or reduced to practice by such employee or contractor during any performance of activities under this Agreement, (ii) automatically assigns to such Party all right, title and interest in and to all such inventions and Know-How and all Intellectual Property Rights therein, and (iii) obligates such persons to similar obligations of confidentiality as set forth in Article 7. Each Party will require each employee and contractor conducting work on such Party's behalf under this Agreement to maintain records in sufficient detail and in a good scientific manner appropriate for regulatory purposes and purposes of pursuing Patent protection on inventions to properly reflect all work done. Neither Party shall have any obligation to contribute to any remuneration of any inventor employed or previously employed by the other Party or any of its Affiliates in respect of such inventions, information, discoveries and IPRs therein assigned to that other Party. Each Party will pay all such remuneration due to such inventors with respect to such inventions, information, discoveries and IPRs.

8.3 Intellectual Property Meetings. The Parties may jointly decide to organize **[***]** ad hoc meetings between their respective in-house or outside patent attorneys, together with business development personnel and other representatives of the Parties as the Parties may determine to be appropriate from time to time, to discuss the patent strategy for Licensed Patents, Sanofi Sole Invention Patents, and Joint Patents. Such meetings will serve solely an advisory purpose and the attendees of such meetings shall not have authority to approve or disapprove any actions with respect to patent filing, prosecution and maintenance under this Agreement. Each Party will be responsible for the expenses incurred by its Party Representatives participating in such meetings.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

8.4 Prosecution and Maintenance of Patent Rights.

(a) Ardelyx shall be responsible for the preparation, filing, prosecution (including without limitation conducting any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of the Listed Patents, unless and until Sanofi has exercised the Option to Continue and Ardelyx has received the Continuation Milestone. Ardelyx agrees to prosecute and maintain the Listed Patents in those countries set forth on Exhibit C. A detail of Patent Costs incurred by Ardelyx in prosecuting and maintaining the Listed Patents prior to the Effective Date is set forth on Exhibit B; provided, however, that the costs and expenses set forth on Exhibit B do not include those costs and expenses incurred by Ardelyx in the drafting and filing of the Listed Patents. Ardelyx will bear the **[***]** of Patent Costs after the Effective Date and prior to Sanofi's exercise of the Option to Continue. After Ardelyx has paid such amount, Sanofi shall reimburse Ardelyx for any additional Patent Costs incurred by Ardelyx after the Effective Date during the Term until such time as Sanofi exercises the Option to Continue and Ardelyx has received the Continuation Milestone. Ardelyx shall submit invoices to Sanofi at the beginning of each Calendar Quarter, which invoice shall detail the Patent Costs in the previous Calendar Quarter and, if applicable, include all copies of invoices from outside counsel. Sanofi shall pay each invoice within thirty (30) days of its receipt thereof. During the time that Ardelyx is responsible for the prosecution of the Listed Patents, Ardelyx shall provide Sanofi with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies and proposed correspondence with patent officials or other Third Parties relating to any Listed Patents. Ardelyx, in the course of such activities, will consider comments received from Sanofi with respect to such proposed filings, strategies and correspondence in good faith and will not unreasonably reject such comments to the extent such comments could reasonably be deemed to impact Ardelyx Compounds. In any event, Ardelyx will not finally abandon any claims and will not limit any claims that are specific to Ardelyx Compounds without Sanofi's prior written consent. Ardelyx shall cooperate to assist Sanofi in assuming the prosecution and maintenance of the Listed Patents as provided by Section 8.4(i), including by transferring to Sanofi the patent files associated with such Licensed Products and providing any other information reasonably requested by Sanofi and access to the relevant inventors.

(b) Sanofi shall have the sole right but not the obligation to control the preparation, filing, prosecution (including without limitation conducting any interferences, oppositions, reissue proceedings and reexaminations) and maintenance of the Sanofi Sole Invention Patents, Ardelyx Sole Invention Patents, Joint Patents, and following its exercise of the Option to Continue and Ardelyx's receipt of the Continuation Milestone, the Listed Patents (collectively, the "**Sanofi Controlled Patents**") using in-house patent attorneys or counsel reasonably acceptable to Ardelyx; provided that Sanofi shall provide Ardelyx with advance copies of, and a reasonable opportunity to comment upon, proposed patent filings, related prosecution strategies (including any abandonment decision) and proposed correspondence with patent officials or other Third Parties relating to any Sanofi Controlled Patents, and will consider comments received from Ardelyx with respect to such proposed filings, strategies and correspondence in good faith and will not unreasonably reject such comments to the extent such comments could reasonably be deemed to impact Program Compounds or Program Products. In any event, Sanofi will not finally abandon any claims and will not limit any claims that are specific to Program Compounds or Program Products without Ardelyx's prior written consent.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(c) The Party responsible for prosecuting Patents pursuant to Sections 8.4(a) or 8.4(b) shall provide all documentation it is required to provide pursuant to such Sections so as to provide the other Party a reasonable opportunity to review and comment thereon in advance of filing. A Party providing comments in accordance with Section 8.4(a) or 8.4(b) shall provide such comments expeditiously and in any event in reasonably sufficient time to meet any filing deadline communicated to it by the other Party that is consistent with the preceding sentence. The Party receiving any such patent application and correspondence shall maintain such information in confidence pursuant to Article 7, except (for the avoidance of doubt) for patent applications that have been published and official correspondence that is publicly available.

(d) Other than as described in Section 8.4(a), 8.4(e) and 8.4(f) below, after the Effective Date, the Party prosecuting patent applications and maintaining Patents pursuant to this Section 8.4 shall be solely responsible for all costs and expenses associated with the filing, prosecution and maintenance of such Patents.

(e) If Sanofi decides not to file, prosecute or maintain a Sanofi Sole Invention Patent or a Joint Patent for reasons other than (i) patent strategy or (ii) a desire to maintain trade secret protection for the applicable Know-How, or if Sanofi decides not to file, prosecute or maintain an Ardelyx Sole Invention Patent for any reason, it shall give Ardelyx reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Patent to permit Ardelyx to carry out such activity. After receiving such notice, Ardelyx may elect by written notice to Sanofi within **[***]** after receiving such notice from Sanofi to file, prosecute and maintain the relevant Patent, at its sole cost and expense. For the avoidance of doubt, where Sanofi is in receipt of an official action with a shortened response deadline of **[***]** or less, Sanofi will communicate such notice to Ardelyx as soon as possible and Ardelyx may make its election (pursuant to the foregoing sentence) no later than **[***]** prior to the deadline. If Ardelyx does so elect, then Sanofi shall cooperate with Ardelyx in accordance with Section 8.4(i). All such activities pursuant to Ardelyx's election under this Section 8.4(e) shall be at its sole cost and expense.

(f) If Ardelyx decides not to file, prosecute or maintain a Listed Patent pursuant to 8.4(a), it shall give Sanofi reasonable notice to that effect sufficiently in advance of any deadline for any filing with respect to such Patent to permit Sanofi to carry out such activity. After such notice, Sanofi may file, prosecute and maintain the Patent, at its sole cost and expense. If Sanofi does so elect, then Ardelyx shall cooperate with Sanofi in accordance with Section 8.4(i).

(g) As between the Parties, Sanofi shall have the sole right to make all filings with Regulatory Authorities in the Territory with respect to the Program Patents, including as required or allowed (i) in the United States, in the FDA's Orange Book (ii) in the European Union, under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or (iii) other international equivalents. Sanofi shall be responsible for and control, but shall confer with Ardelyx in, the selection of the appropriate Sanofi Controlled Patents as listed in the patent information section of the Drug Approval Application for Program Products for filing to obtain a patent term extension pursuant to all Applicable Laws, including without limitation supplementary protection certificates and any other extensions that are now or become available in the future wherever applicable to Sanofi Controlled Patents that are applicable to the Program Product.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(h) Notwithstanding anything to the contrary in this Article 8, neither Party shall have the right to make an election under the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. 103(c)(2)-(c)(3) (the "**CREATE Act**") when exercising its rights under this Article 8 without the prior written consent of the other Party. With respect to any such permitted election, the Parties shall use reasonable efforts to cooperate and coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a "joint research agreement" as defined in the CREATE Act.

(i) The non-prosecuting Party shall, and shall cause its Affiliates to, assist and cooperate with the prosecuting Party, as the prosecuting Party may reasonably request from time to time, in the preparation, filing, prosecution and maintenance of the applicable Patents described in this Article 8 in the Territory under this Agreement, and facilitating the transition of such patent activities, including that the non-prosecuting Party shall, and shall ensure that its Affiliates, (i) offer its comments, if any, promptly, and (ii) provide access to relevant documents and other evidence and make its employees available at reasonable business hours**.**

8.5 Third-Party Patent Rights. Except as otherwise provided in Article 8, neither Party makes any warranty with respect to the validity, perfection, or dominance of any Patent or proprietary right or with respect to the absence of rights in Third Parties which may be infringed by the manufacture or sale of any Program Compound or Program Product. Each Party agrees to bring to the attention of the other Party any Patent it discovers, or had discovered, and which relates to the Program Compounds or the Program Products.

8.6 Enforcement Rights.

(a) **Infringement by Third Parties in the Territory**

(i) The Party first having knowledge that any Program Patent is infringed or misappropriated by a Third Party in any country in the Territory shall promptly notify the other Party thereof in writing. Such notice shall set forth the facts of that infringement in reasonable detail. The Parties shall promptly confer to discuss any such actual or alleged infringement.

(ii) The Party responsible for the prosecution and maintenance of the Program Patent infringed or misappropriated, as provided by Sections 8.4(a), 8.4(b), 8.4(e), and 8.4(f), shall have the first right, but not the obligation, to institute, prosecute, and control any action or proceeding or negotiation of any settlements with respect to any such infringement by counsel of its own choice (with the other Party having the right to participate in such action or negotiations at its expense and be represented if it so desires by counsel of its own choice). For clarity, such Party with the first right to institute, prosecute, and control any action or proceeding or negotiation of any settlements with respect to an infringement of a Program Patent shall be Ardelyx if it makes an election under Section 8.4(e) with regards to such Program Patent and Sanofi if it makes an election under Section 8.4(f) with regards to such Program Patent.

(iii) If the Party responsible for prosecution and maintenance elects not to institute and prosecute an action or proceeding or to conduct such negotiation to abate such infringement as provided above, within a period of **[***]** after the Parties first discuss such infringement, then the Parties will discuss the reasons for this decision. Unless during such discussion, the Party responsible reasonably demonstrates why enforcing such Patent to abate such infringement is likely to have a material adverse effect on the potential sales of or market for Program Products, within or outside the relevant country or territory, then the non-responsible Party shall have the right, but not the obligation, to institute, prosecute, and control any such action by counsel reasonably acceptable to the other Party; provided, however, that the other Party shall have the right to participate at its expense in such action and be represented if it so desires by counsel of its own choice. If the Party responsible for an action under Section 8.6(a)(ii) or under this Section 8.6(a)(iii) (a "**Responsible Party**") brings any such action or proceeding, the other Party agrees to be joined as a party plaintiff and to give the Responsible Party reasonable assistance and authority to control, file, and prosecute the suit as necessary. No settlement or consent judgment or other voluntary final disposition of a suit under Section 8.6(a)(ii) or under this Section 8.6(a)(iii) may be entered into without the joint consent of Ardelyx and Sanofi, which consent shall not be withheld, delayed or conditioned unreasonably.

(iv) Any and all costs that are incurred by the Party bringing suit under Section 8.6(a)(ii) or under Section 8.6(a(iii) with respect to a Program Product in the Territory (including without limitation the internal costs and expenses specifically attributable to such suit) shall be reimbursed first out of any damages or other monetary awards recovered in favor of the Parties. If such recovery is insufficient to reimburse the Parties' costs, then each Party shall receive a pro rata portion of the recovery based on such Party's costs relative to all costs incurred by the Parties in such action. If Sanofi is the Party bringing suit, any remaining recoveries shall be deemed Net Sales for the purposes of Section 6.4. If Ardelyx is the Party bringing suit, any remaining recoveries shall be distributed to Ardelyx.

(b) **Defense and Settlement of Third-Party Claims Against Program Products**. If a Third Party asserts that a Patent or other right owned by it is infringed by the Development, Manufacture, or Commercialization of any Program Compound or Program Product, the Party first obtaining knowledge of such a claim shall immediately provide the other Party written notice of such claim and the related facts in reasonable detail. In such event, the Parties shall discuss how best to control the defense of any such claim. In the event the Parties cannot agree on the defense of any such claim, Sanofi shall have the first right to control such defense; provided that Ardelyx shall have the right to participate in such defense and to be represented in any such action by counsel of its selection at its sole discretion. The entity that controls the defense of a given claim (whether Ardelyx and Sanofi or Sanofi) with respect to a Program Product, shall also have the right to control settlement of such claim; provided, however, that no settlement of any action or suit shall be entered into without the written consent of the other Party, which consent shall not be withheld, delayed or conditioned unreasonably.

(c) **Allocation of Expenses Incurred Pursuant to Section 8.6(b) or 8.6(d)**. The expenses of patent defense, settlement, and judgments pursuant to Section 8.6(b) or any action

pursuant to Section 8.6(d) shall be borne solely by Sanofi; provided, however, that Ardelyx will bear solely such expenses that it incurs if it elects to be represented by counsel of its selection in an action related to a Listed Patent otherwise controlled by Sanofi pursuant to Section 8.6(b).

(d) **Settlement of Third-Party Claims for Infringement in the Territory; Payment of Third-Party Royalties**. If a Third Party asserts that a Patent or other right owned by it is infringed by the Development, Manufacture, or Commercialization or other Exploitation of any Program Compound or Program Product, and as a result of settlement procedures or litigation under Section 8.6(b), Sanofi is required to pay the Third Party a royalty or make any payment of any kind for the right to sell a Program Product in a particular country, such expense shall be borne solely by Sanofi, subject to any applicable reductions under Section 6.4(d).

(e) **Oppositions by Parties**. If either Party desires to bring an opposition, action for declaratory judgment, nullity action, interference, reexamination, or other attack upon the validity, title, or enforceability of any Patents Controlled by a Third Party that cover the Manufacture, use, or sale or other Exploitation of any Program Compound or Program Product, such Party shall so notify the other Party in writing, and the Parties shall promptly confer to discuss whether to bring such action or the manner in which to settle such action and Sanofi shall be entitled to determine the matter after having taken any reasonable views presented by Ardelyx into due consideration. The Party not bringing an action under this Section 8.6(e) shall be entitled to separate representation in such proceeding by counsel of its own choice and at its own expense, and shall otherwise cooperate fully with the Party bringing such action at the other Party's expense.

(f) **Oppositions by Third Parties**. If any Program Patent becomes the subject of any proceeding commenced by a Third Party in connection with an opposition, reexamination request, action for declaratory judgment, nullity action, interference, or other attack upon the validity, title, or enforceability thereof, then the Party having the right to prosecute such Patent at such time pursuant to Section 8.4 shall control such defense, at its sole cost (subject to the limitations set forth in Section 8.4(a)). For clarity, the prosecuting Party with respect to such Patent shall be Ardelyx if it makes an election under Section 8.4(e) with regards to such Program Patent and Sanofi if it makes an election under Section 8.4(f) with regards to such Program Patent. The prosecuting Party shall permit the non-prosecuting Party to participate in the proceeding to the extent permissible under Applicable Laws, and to be represented by its own counsel in such proceeding, at the non-prosecuting Party's expense. If either Party decides that it does not wish to defend against such action, then the other Party shall have a backup right to assume defense of such Third Party action at its own expense. Any awards or amounts received in defending any such Third Party action shall be allocated based on the percentage of costs incurred by the Parties in defending such action. Any recoveries obtained in such action shall be shared, as set forth in Section 8.6(a)(iv).

(g) **Protective Order**. If, in any action brought pursuant to this Section 8.6, any information is the subject of a protective order that may be reviewed by counsel only, the Parties will endeavor to structure such protective order so as to enable their respective internal counsel to be included as permitted reviewers of such information.

8.7 Trademarks, Packaging and Labeling.

(a) Sanofi shall have the right to select the trademarks to be used specifically for the Commercialization of all Program Products in the Territory (each a "**Product Trademark**") and may select other Trademarks of Sanofi as well for use in Commercialization of the Program Products. Any domain names used with respect to the Program Products in the Territory shall be controlled by Sanofi. Sanofi shall own all rights, title and interests in and to the Product Trademarks and all Intellectual Property Rights and other rights and goodwill associated therewith. Ardelyx shall not use any trademark that is the same or confusingly similar to, misleading or deceptive with respect to, or that dilutes any of the Product Trademarks and shall not operate any domain names with respect to the Program Products. Sanofi shall have the right, using legal counsel of its own choosing and at its sole expense to, file, maintain, defend and enforce the Product Trademarks.

(b) Sanofi shall be responsible for the design and procurement of all packaging (non-commercial and commercial) and labeling of the Program Products. To the extent allowed by Applicable Law, all Program Product labeling and packaging, package inserts and any promotional materials associated with the Program Product shall carry, in a conspicuous location, an Ardelyx Trademark approved by Ardelyx. Such Ardelyx Trademark display shall be in addition to the display of the Sanofi Trademark and Product Trademarks. Further, Sanofi will include in all package inserts for all Program Products in each country in the Territory in which Program Products are Commercialized a patent notice that includes the patent numbers of all Licensed Patents that claim the Program Product, its method of manufacture or use in such country, unless otherwise advised by its patent counsel or in the case in which equivalent benefits under applicable Patent law can be obtained in an alternate manner (e.g., listing of patent numbers on a website or in the Orange Book).

(c) Subject to the terms and conditions of this Agreement, Ardelyx grants to Sanofi a worldwide, royalty free, non-exclusive license to use and display the Ardelyx Trademark displayed pursuant to Section 8.7(b) solely in accordance with this Section 8.7(c) during the Term (or such longer period as may be required for Sanofi to fulfill its obligations under Section 8.7(b) in the Territory and otherwise to the extent necessary for Sanofi to fulfill its obligations under this Agreement) and following expiration of this Agreement. Such license shall be sublicensable in connection with the grant of sublicenses, licenses to Sanofi Licensees or distribution rights or co-promotion rights pursuant to Article 2. Sanofi shall not use any Ardelyx Trademark outside the scope of this Agreement, and shall not use any Trademark that is the same or confusingly similar to, misleading or deceptive with respect to, or that dilutes any of the Ardelyx Trademarks. Ardelyx shall retain the right to monitor the quality of the goods on or with which the Ardelyx Trademark is used solely to the extent necessary to maintain and protect the Ardelyx Trademark in a commercially reasonable manner.

(d) Sanofi shall solely bear the full costs and expense of and be responsible for filing, prosecuting and maintaining any Product Trademarks. Ardelyx shall bear the full costs and expense of and be responsible for filing, prosecuting and maintaining any Ardelyx Trademarks.

(e) Sanofi shall use Commercially Reasonable Efforts to protect, defend, and maintain each Product Trademark it is using or intends to use with respect to Program Products in the Territory, and all registrations therefor. Each Party shall notify the other Party promptly in writing upon learning of any actual, alleged, or threatened infringement, dilution,

misappropriation, or other violation of a Product Trademark used in connection with Program Compounds or Program Products or of any unfair trade practices, trade dress imitation, passing off of counterfeit goods, or like offenses with respect to Program Compounds or Program Products. Upon learning of such infringement or other violation, Sanofi shall have the right, and shall (unless the Parties otherwise mutually agree) use Commercially Reasonable Efforts to, in consultation with Ardelyx, institute and control an appropriate action or proceeding to halt the infringement. Ardelyx shall have the right to participate fully in all such actions or proceedings using counsel of its own selection, at its own cost, and to take action or halt the infringement if Sanofi fails to use such Commercially Reasonable Efforts within sixty (60) days of Sanofi first learning of such infringement.

(f) All of the unrecovered costs, expenses, and legal fees (including without limitation internal costs, expenses, and legal fees) in bringing, maintaining, and prosecuting any action to maintain, protect, or defend a Product Trademark (or registration therefor) shall be borne solely by the Party bringing such action. Any recovery in any such action that is in excess of the costs, expenses and legal fees incurred shall be deemed to be Net Sales for the purposes of Section 6.4 if Sanofi is the Party bringing the action, and shall be retained by Ardelyx if Ardelyx is the Party bringing the action.

ARTICLE 9.
REPRESENTATIONS, WARRANTIES, AND COVENANTS

9.1 Representations, Warranties, and Covenants.

(a) Each of the Parties hereby represents, warrants and covenants to the other Party that:

(i) this Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms. The execution, delivery, and performance of the Agreement by such Party does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a Party or by which it is bound, nor violate any law or regulation of any court, Governmental Body, or administrative or other agency having jurisdiction over it;

(ii) it is not aware of any government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Laws, currently in effect, necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements (save for Regulatory Approvals, INDs and similar regulatory authorizations necessary for the Development or Commercialization of the Program Compounds and Program Products as contemplated hereunder);

(iii) such Party has not, and during the Term will not, grant any right to any Third Party relating to its respective Patents and Know-How which would conflict with the rights granted to the other Party hereunder; and

(iv) such Party will at all times and in all material respects comply with all Applicable Laws relating to its activities under this Agreement.

(b) Ardelyx represents, warrants and covenants as of the Effective Date (or as of such other /additional time as may be explicitly specified below) to Sanofi that:

(i) Ardelyx is the sole owner of the entire right, title and interest in (A) the Listed Patents existing as of the Effective Date and (B) the Licensed Know-How existing as of the Effective Date. Ardelyx has all rights necessary to grant the licenses under the Licensed Technology existing as of the Effective Date that it grants to Sanofi in this Agreement. Neither the Listed Patents nor the Licensed Know-How is subject to any lien or claim of ownership by any Third Party. True, complete and correct copies of the complete file wrapper and other correspondence with patent authorities received or sent by or on behalf of Ardelyx in the course of prosecuting the Listed Patents have been provided to Sanofi prior to the Effective Date.

(ii) The Listed Patents existing as of the Effective Date are being diligently prosecuted before the respective patent authorities in accordance with Applicable Law. All applicable fees due to patent authorities with respect to the filing and prosecution of the Listed Patents existing as of the Effective Date have been paid on or before the due date for payment (as such due date may be extended in accordance with Applicable Laws or patent authority rules and regulations).

(iii) As of the Effective Date, to Ardelyx's Knowledge, there is no actual or threatened infringement or misappropriation of the Listed Patents or Licensed Know-How by any Person.

(iv) To Ardelyx's Knowledge, the manufacture, use, sale, offer for sale or import of Ardelyx Compounds as such compounds exist as of the Effective Date in the Field will not infringe or misappropriate the Patents, other IPR or proprietary right of any Third Party.

(v) Ardelyx has not received any written notice alleging that the Listed Patents existing as of the Effective Date, if issued, would be invalid or unenforceable or that the Patent applications included in such Listed Patents will not proceed to grant. The conception, development and reduction to practice of the Listed Patents and Licensed Know-How existing as of the Effective Date have not constituted or involved the misappropriation of trade secrets or other proprietary rights of any Person. There have been no Third Party claims, judgments or settlements against Ardelyx or any of its Affiliates as a result of legal actions brought by Third Parties relating to the Regulatory Documentation, Listed Patents or Licensed Know-How, or amounts owed by Ardelyx or its Affiliates with respect to any such claims, judgments or settlements. No claim or litigation has been brought or threatened by any Person alleging that the Listed Patents existing as of the Effective Date, if issued, are or will be invalid or unenforceable, or that the Licensed Know-How existing as of the Effective Date is or will be invalid or unenforceable.

(vi) Ardelyx has not previously entered into any agreement, whether written or oral, with respect to, or otherwise assigned, transferred, licensed or conveyed its right, title or interest in or to, the Listed Patents or the Ardelyx Compounds, in each case existing as of the Effective Date (including by granting any covenant not to sue with respect thereto). Ardelyx has not previously entered into any agreement, whether written or oral, with respect to the Licensed Know-How that would conflict with the rights granted to Sanofi hereunder. None of the license grants to AstraZeneca in the AstraZeneca License Agreement conflict with the license grants to Sanofi under this Agreement.

(vii) The Listed Patents set forth in Exhibit A represent all Patents within Ardelyx's Control as of the Effective Date that cover or claim the Exploitation of Ardelyx Compounds as of the Effective Date. There are no patentable inventions within Ardelyx's Control as of the Effective Date that are not included in a Patent, but which, if included in a Patent, would cover or claim the composition, use or sale of Ardelyx Compounds.

(viii) Each Person who has contributed to the conception of inventions claimed in the Listed Patents existing as of the Effective Date has duly assigned and has executed an agreement assigning to Ardelyx such Person's entire right, title and interest in and to such Listed Patents. To Ardelyx's Knowledge, no current or former officer, employee, agent or consultant of Ardelyx is in violation of any term of any assignment or other equivalent agreement regarding or relevant to the ownership or protection of such Listed Patents.

(ix) Ardelyx has not been debarred by the FDA, is not subject to any similar sanction of other Regulatory Health Authorities in the Territory, and is not subject to any such debarment or similar sanction by any such Regulatory Health Authority, and Ardelyx has not used, and will not engage, in any capacity, in connection with this Agreement, any Person who either has been debarred by such a Regulatory Health Authority, or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a). Ardelyx shall inform Sanofi in writing immediately if it or any Person engaged by Ardelyx who is performing services under this Agreement is debarred or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a) or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to Ardelyx's Knowledge, is threatened, relating to the debarment or conviction of Ardelyx or any such Person performing services hereunder.

(x) The inventions claimed or covered by the Listed Patents (A) were not conceived, discovered, developed, or otherwise made in connection with any research activities funded, in whole or in part, by the federal government of the United States or any agency thereof or any similar government funding statute anywhere in the world, (B) are not a "subject invention" as that term is described in 35 U.S.C. Section 201(f), and (C) are not otherwise subject to the provisions of the Bayh-Dole Act or any other similar government funding statute anywhere in the world.

(xi) Ardelyx has made available to Sanofi all Licensed Know-How and other information in its possession or Control as of the Effective Date regarding the Ardelyx Compounds that Sanofi has requested in writing Ardelyx make available, and such items are true, complete and correct in all material respects.

(xii) Ardelyx has no Affiliates existing as of the Effective Date.

(c) Sanofi represents, warrants and covenants as of the Effective Date (or as of such other /additional time as may be explicitly specified below) to Ardelyx that:

(i) Sanofi has not been debarred by the FDA (and is not subject to any similar sanction of other Regulatory Health Authorities in the Territory), and is not subject to any such debarment or similar sanction by any such Regulatory Health Authority, and Sanofi has not used, and will not engage, in any capacity, in connection with this Agreement, any Person who either has been debarred by such a Regulatory Health Authority, or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a). Sanofi shall inform Ardelyx in writing immediately if it or any Person engaged by Sanofi who is performing services under this Agreement is debarred or is the subject of a conviction described in Section 306 of the FFDCA (21 U.S.C. §335a), or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to Sanofi's knowledge, is threatened, relating to the debarment or conviction of Sanofi or any such Person performing services hereunder.

(ii) All employees of Sanofi or its Affiliates performing activities under this Agreement shall be under an obligation to assign all right, title and interest in and to their inventions, information and discoveries, whether or not patentable, and IPRs therein, to Sanofi or its Affiliate(s) as the sole owner thereof. Ardelyx shall have no obligation to contribute to any remuneration of any inventor employed or previously employed by Sanofi or any of its Affiliates in respect of any such inventions, information and discoveries and IPRs therein that are so assigned to Sanofi or its Affiliate(s). Sanofi will pay all such remuneration due to such inventors with respect to such inventions, information and discoveries and IPRs therein.

(iii) As of the Effective Date, Sanofi is not actively conducting any research or development program directed to the identification of NaP2b Products.

(iv) Sanofi shall not knowingly engage in any activities that use the inventions covered or claimed in the Listed Patents in a manner that is outside the scope of the license rights expressly granted to it hereunder.

(v) Sanofi has determined in good faith that no filing is required under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, with respect to the execution of this Agreement.

9.2 No Debarment. In the course of the Development of Program Compound and Program Product in accordance with this Agreement, including the performance of Assigned Activities by Ardelyx under this Agreement, each Party agrees that it will not use, any employee or consultant that is debarred by any Regulatory Health Authority or, to the best of such each

Party's knowledge, is the subject of debarment proceedings by any Regulatory Health Authority. If a Party learns that its employee or consultant performing on its behalf under this Agreement has been debarred by any Regulatory Health Authority, or has become the subject of debarment proceedings by any Regulatory Health Authority, such Party shall so promptly notify the other Party and shall prohibit such employee or consultant from performing on its behalf under this Agreement. The foregoing shall be without prejudice to the warranties contained in Section 9.1(b)(ix) or in Section 9.1(c)(i).

9.3 Anti-Bribery and Anti-Corruption Compliance.

(a) Each Party agrees, on behalf of itself, its officers, directors and employees and on behalf of its Affiliates, agents, representatives, consultants and subcontractors hired in connection with the Exploitation of the Program Compounds or the Program Products (together with such Party, the "**Party Representatives**") that in connection with the performance of its obligations hereunder, the Party Representatives shall not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value, to:

(i) any Government Official in order to influence official action;

(ii) any Government Official (A) to influence such Person to act in breach of a duty of good faith, impartiality or trust ("acting improperly"), (B) to reward such Person for acting improperly, or (C) where such Person would be acting improperly by receiving the money or other thing of value; or

(iii) any other Person while knowing or having reason to believe that all or any portion of the money or other thing of value will be paid, offered, promised or given to, or will otherwise benefit, a Government Official in order to influence official action for or against either Party in connection with the matters that are the subject of this Agreement.

(b) The Party Representatives shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Corruption Laws.

(c) Each Party, on behalf of itself and its other Party Representatives, represents and warrants to the other Party that for the Term and **[***]** thereafter, such Party shall and shall procure that its other Party Representatives keep and maintain accurate books and reasonably detailed records reasonably required to establish compliance with Sections 9.3(a) and 9.3(b) above.

(d) Each Party shall promptly provide the other Party with written notice of the following events, subject to any obligations under Applicable Law or contractual obligations:

(i) Upon becoming aware of any breach or violation by the first Party or its Party Representative of any representation, warranty or undertaking set forth in Sections 9.3(a) or 9.3(b).

(ii) Upon receiving a formal notification that it is the target of a formal investigation by a Regulatory Authority for a Material Anti-Corruption Law Violation or upon receipt of information from any of its Party Representatives connected with this Agreement that any of them is the target of a formal investigation by a Regulatory Authority for a Material Anti-Corruption Law Violation.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(e) Without prejudice to any auditing or inspection rights that are set forth elsewhere in this Agreement, each Party shall, for the Term and **[***]** thereafter, for the purpose of allowing the other Party to audit and monitor the performance of its compliance with this Section 9.3 permit the other Party, its Affiliates, any auditors of any of them and any Regulatory Authority to have access, upon reasonable advance notice, during normal business hours to any premises of such first Party or its other Party Representatives used in connection with this Agreement, together with a right to access personnel and records that relate to this Agreement. The results of any such audit shall constitute Confidential Information of the audited Party, in respect of which the other Party shall comply with the provisions contained in Article 7 (subject to the terms and exceptions set forth therein). The auditing Party shall ensure that any Third Party auditor enters into a confidentiality agreement consistent with applicable requirements of Article 7 hereof in all material respects. The auditing Party shall instruct any Third Party auditor or other Person given access in respect of an audit to cause the minimum amount of disruption to the business of the audited Party and to comply with relevant building and security regulations. The cost of any such audit shall be borne solely by the requesting Party.

(f) Each Party shall be responsible for any breach of any representation, warranty, covenant or undertaking in this Article 9 or of the Anti-Corruption Laws by its Party Representatives.

(g) Each Party may disclose the terms of this Agreement or any action taken under this Section 9.3 to prevent a potential violation or address a continuing violation of applicable Anti-Corruption Laws, including the identity of the other Party and the payment terms, to any governmental authority if and to the extent the first Party reasonably determines, upon advice of counsel, that such disclosure is necessary.

9.4 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 9, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY OF NON-INFRINGEMENT.

ARTICLE 10.
RECORD RETENTION, AUDIT AND USE OF NAME

10.1 Records Retention; Audit.

(a) Each Party shall keep or cause to be kept accurate records of account in accordance with IFRS, showing information that is necessary for the accurate determination of the royalties and other payments due under Article 6, or any other payment due hereunder. Such

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

records or books of account shall be kept until the **[***]** of December 31 of the Calendar Year in which the relevant Program Product is sold (in the case of royalty or other payments due under Section 6.4) or in the period for which any other payment hereunder is required to be made. For clarity, each Party shall cause its Affiliates to keep, and shall require pursuant to a written agreement that any Sublicensee, Sanofi Licensee, other sublicensee or subcontractor performing activities hereunder keep accurate records or books of account in a manner that will permit such Party to comply with its obligations under the foregoing sentence.

(b) Upon the written request of the other Party, each Party shall permit a qualified accountant or a person possessing similar professional status and associated with an independent accounting firm acceptable to the Parties to inspect during regular business hours and no more than once a year and once in any given Calendar Year, and going back no more than **[***]** preceding the current Calendar Year, all or any part of the audited Party's records and books necessary to check the accuracy of any payments made or required to be made hereunder. The accounting firm shall enter into appropriate obligations with the audited Party to treat all information it receives during its inspection in confidence. The accounting firm shall disclose to Ardelyx and Sanofi only whether the payments made are correct and details concerning any discrepancies, but no other information shall be disclosed to the Party requesting the inspection. The charges of the accounting firm shall be paid by the Party requesting the inspection, except that if the payments being audited have been underpaid or the costs being reimbursed have been overstated, in each case by more than five percent (5%), the charges will be paid by the Party whose records and books are being inspected. Any failure by a Party to exercise its rights under this Section 10.1 with respect to a Calendar Year within the **[***]** period allotted therefor shall constitute a waiver by such Party of its right to later object to any payments made by the other Party under this Agreement during such Calendar Year.

10.2 Publicity Review. Until such time as Sanofi exercises the Option to Continue and Ardelyx has received the Continuation Milestone, no Party shall originate any written publicity, news release, or other announcement (relating to this Agreement or to performance hereunder or the existence of an arrangement between the Parties (collectively, "**Written Disclosure**"), without the prior prompt review and written approval of the other, which approval shall not be unreasonably withheld. After exercise of the Option to Continue, either Party may make any Written Disclosure with regard to the Exploitation of the Program Compounds and Program Products in the ordinary course of business; provided that the disclosing party shall submit to the other party's prior prompt review and written approval (not to be unreasonably withheld, delayed or conditioned) any Written Disclosure in relation to **[***]**. Notwithstanding anything to the contrary in this Section 10.2, any Party may make any public Written Disclosure it believes in good faith based upon the advice of counsel is required by Applicable Laws or any listing or trading agreement concerning its publicly traded securities, provided that, prior to making such Written Disclosure, the disclosing Party shall where reasonably practicable provide the other Party with a copy of the materials proposed to be disclosed and an opportunity to promptly review and comment on the proposed Written Disclosure. To the extent that the receiving Party reasonably requests that any information in the materials proposed to be disclosed be deleted, the disclosing Party shall use reasonable efforts to request confidential

treatment of such information pursuant to Rule 406 of the Securities Act of 1933 or Rule 24b-2 of the Securities Exchange Act of 1934, as applicable (or any other applicable regulation relating to the confidential treatment of information) so that any information that the receiving Party reasonably requests to be deleted, to the extent permitted by the applicable government agency, are omitted from such materials. The terms of this Agreement may also be disclosed to (a) government agencies where required by Applicable Laws, provided that the Party making such disclosure seeks a protective order or confidential treatment of this Agreement to the extent allowed under Applicable Laws, (b) Third Parties having a need to know such information for purposes of performing under this Agreement or advising a Party with respect to its performance under this Agreement or its business or legal obligations, or (c) Third Party investment bankers, financial advisors, actual or potential Third Party partners, investors, licensees, sublicensees or acquirers of all or substantially all of the assets to which this Agreement relates; provided, that, disclosures under subsections (b) or (c) shall be made under a written obligation of confidentiality and the Party having made such disclosures shall be liable to the other Party for any breach of such confidentiality obligation by the relevant Third Party recipient; and provided further that any disclosure made by Ardelyx as per subsection (c) to a **[***]** shall be made in compliance with the process described in Exhibit F hereto. Notwithstanding the foregoing, Ardelyx intends to issue a press release regarding the transaction contemplated by this Agreement, the contents of such press release to be mutually agreed by the Parties in writing (as soon as reasonably practicable after the Effective Date and prior to the publication thereof) substantially in the form of the draft press release attached hereto as Exhibit D, subject to such additional modifications as the Parties may mutually agree.

10.3 Use of Names. Except as otherwise expressly permitted hereunder, neither Party shall use the name, insignia, symbol, trademark, trade name or logotype of the other Party or its Affiliates in relation to this transaction or otherwise in any public announcement, press release, or other public document without the prior written consent of such other Party, which consent shall not be unreasonably withheld, delayed or conditioned, except for those disclosures for which consent has previously been obtained; provided, however, that either Party may use the name of the other Party in any document required to be filed with any government authority, including without limitation the FDA and the Securities and Exchange Commission or otherwise as may be required by Applicable Laws, provided that such disclosure shall be governed by Section 7.5. Further, the restrictions imposed on each Party under this Section 10.3 are not intended, and shall not be construed, to prohibit a Party from identifying the other Party in its internal business communications, provided that any Confidential Information in such communications remains subject to Article 7. Moreover, and notwithstanding the foregoing, Sanofi and its Affiliates and Sublicensees shall have the right to use the name of Ardelyx and its Affiliates to the extent necessary or useful in connection with the Exploitation of the Program Compounds or Program Products as contemplated by this Agreement in their negotiations and work with subcontracting and sublicensing transactions in connection therewith provided that any Confidential Information in such communications remains subject to Article 7.

ARTICLE 11.
TERM AND TERMINATION

11.1 Term and Expiration. The term of this Agreement shall commence as of the Effective Date. Unless sooner terminated as provided herein, this Agreement shall continue in effect until the date on which all of Sanofi's payment obligations under Article 6 have been performed or have expired (the "**Term**").

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

11.2 Termination Rights.

(a) **Termination for Cause**. Subject to the provisions of this Section 11.2(a) if either Party (the "**Breaching Party**") shall have committed a material breach of any of its material obligations under this Agreement, and such material breach shall remain uncured and shall be continuing for a period of ninety (90) days following the Breaching Party's receipt of notice of such breach from the other Party (the "**Non-Breaching Party**") stating the Non-Breaching Party's intent to terminate this Agreement in its entirety pursuant to this Section 11.2(a) if such breach remains uncured, then, in addition to any and all other rights and remedies that may be available, the Non-Breaching Party shall have the right to terminate this Agreement effective upon the expiration of such ninety (90) day period. Any notice of alleged material breach by the Non-Breaching Party under this Section 11.2(a) shall include without limitation a reasonably detailed description of all relevant facts and circumstances demonstrating, supporting, or relating to each such alleged material breach by the Breaching Party. Actual termination of this Agreement pursuant to this Section 11.2(a) shall only occur upon a separate written notice of termination by the Non-Breaching Party after the end of the applicable cure period. This Section 11.2(a) defines exclusively the Parties' right to terminate this Agreement for any material breach of contract.

(b) **Termination for Convenience**.

(i) This Agreement may be terminated in its entirety by Sanofi at any time prior to its exercise of the Option to Continue effective upon thirty (30) days (or such longer period as Sanofi may elect at its sole discretion) prior written notice to Ardelyx.

(ii) If Sanofi has not filed an IND for a Program Compound on or before the **[***]** of the commencement of the Prior Development Phase, or such later date as the Parties may mutually agree in writing prior to such **[***]** date, Sanofi shall be deemed to have exercised its right to terminate this Agreement in its entirety pursuant to this Section 11.2(b) effective on the **[***]** of the commencement of the Prior Development Phase .

(iii) If Sanofi has not exercised the Option to Continue within **[***]**, Sanofi shall be deemed to have exercised its right to terminate this Agreement in its entirety pursuant to this Section 11.2(b) effective on the **[***]**; provided, however, that if the **[***]**, then the termination under this Section 11.2(b)(iii) won't be effective until the earliest of (a) **[***]**.

(iv) This Agreement may be terminated in its entirety or on a country-by country-basis by Sanofi at any time one hundred and twenty (120) days (or such longer period as Sanofi may elect at its sole discretion) prior written notice to Ardelyx, provided, however, that if a termination is made by Sanofi pursuant to Section 2.9(d), the termination will be effective thirty (30) days after Ardelyx's receipt of Sanofi's written notice of such termination.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(v) Additionally, if, at any time after Sanofi has exercised the Option to Continue, Sanofi, its Affiliates, Sanofi Licensees and Sublicensees collectively cease all Exploitation of Program Compounds or Program Products for a continuous period of **[***]**, subject to the Force Majeure provisions of Section 14.2, at Ardelyx's written request following the expiration of such **[***]** (such request to reference explicitly this Section 11.2(b)(v)), Sanofi shall provide to Ardelyx within **[***]** after Sanofi's receipt of such request a written reasonable plan under which Sanofi would recommence Exploitation of Program Compounds or Program Products under this Agreement within **[***]** after having provided such plan to Ardelyx. Sanofi shall, after providing such plan to Ardelyx, perform substantially in accordance therewith. If Sanofi fails to provide such plan to recommence Exploitation of Program Products within such **[***]** period or if Sanofi fails to recommence such Exploitation within the aforementioned **[***]** period, subject to the Force Majeure provisions of Section 14.2, Sanofi shall be deemed to have exercised its right to terminate this Agreement in its entirety pursuant to this Section 11.2(b) effective upon expiration of such **[***]** or (as the case may be) **[***]** period.

(c) **Termination for Challenge of Licensed Patents**. Prior to its expiration, Ardelyx may terminate this Agreement in its entirety by written notice to Sanofi if (i) Sanofi or its Affiliates challenges the validity, scope or enforceability of or otherwise opposes any Patent included in the Listed Patents and (ii) Sanofi does not cause such measures to cease within thirty (30) days after having received written notice thereof from Ardelyx, requesting such measures to cease and stating Ardelyx's intention to terminate this Agreement if such measures are not ceased within the prescribed time. If a Sanofi Licensee or a Sublicensee of Sanofi challenges the validity, scope or enforceability of or otherwise opposes any Program Patent under which such Sublicensee is sublicensed or such Sanofi Licensee is licensed, then Sanofi shall, upon written notice from Ardelyx terminate such sublicense or license as promptly as possible pursuant to the terms of the sublicense or license agreement. Sanofi shall include provisions in all agreements with Sublicensee or Sanofi Licensees providing that if the Sublicensee or Sanofi Licensee, as the case may be, challenges the validity or enforceability of or otherwise opposes any Program Patent, Sanofi may terminate such sublicense or license, as the case may be.

(d) **Termination for Insolvency**. A Party may terminate this Agreement effective immediately upon written notice to the other Party if at any time during the Term, the other Party (the "**Debtor**") (i) becomes insolvent, (ii) has a case commenced by or against it under the Bankruptcy Code, (iii) files for or is subject to the institution of bankruptcy, liquidation or receivership proceedings, (iv) assigns all or a substantial portion of its assets for the benefit of creditors, (v) has a receiver or custodian appointed for the Debtor's business, or (vi) has a substantial part of its business being subject to attachment or similar process; provided, however, that in the event of any involuntary case under the Bankruptcy Code, the first Party shall not be entitled to terminate this Agreement pursuant to this subsection (d) if the case is dismissed within sixty (60) days after the commencement thereof.

11.3 Consequences of a Sanofi Triggered Termination. In the event (i) Ardelyx terminates this Agreement pursuant to Section 11.2(a) for Sanofi's material breach; (ii) Ardelyx terminates this Agreement pursuant to Section 11.2(c) for patent challenge by Sanofi or its Affiliates; (iii) Ardelyx terminates this Agreement pursuant to Section 11.2(d) for Sanofi's insolvency; or (iv) Sanofi terminates (or is deemed to have terminated) this Agreement pursuant

to Section 11.2(b) (a termination as per (i) through (iv) being a "**Sanofi Triggered Termination**"), Sanofi shall, subject to Section 11.3(a), continue to be obligated during the termination notice period (as applicable) to perform as far as reasonably practicable all of its obligations under this Agreement, except in the event of a termination pursuant to Section 11.2(b) for material safety concerns. If a Sanofi Triggered Termination occurs after the first Regulatory Approval of a Program Product, Sanofi shall continue to use Commercially Reasonable Efforts as set forth in Section 4.3(a) until the earlier of (i), if applicable, the expiration of the one hundred twenty (120) day notice period, in the event of a termination by Sanofi pursuant to Section 11.2(b) other than for material safety concerns; (ii) receipt of Ardelyx's written notice that Sanofi may cease such Commercialization activities; or (iii), if applicable, the effective date of the termination notice issued pursuant to Section 11.2(a), Section 11.2(c), Section 11.3(d) or Section 11.3(e). In addition, as a result of a Sanofi Triggered Termination, the following shall apply (for clarity, if Sanofi has exercised its right under Section 11.2(b)(iv) to terminate this Agreement with respect to certain countries, but not entirely, then the following shall apply only to those countries with respect to which Sanofi has exercised its right to terminate):

(a) All licenses and rights to the Licensed Technology granted to Sanofi hereunder shall terminate as of the effective date of such termination, except to the extent and for so long as is necessary to fulfill Sanofi's activities and responsibilities under this Section 11.3 and such other activities and responsibilities under the surviving terms of this Agreement as provided in Section 11.6, it being agreed that all such activities and responsibilities shall be discontinued and ceased (unless otherwise agreed or required under Applicable Laws by transitioning such activities and responsibilities to Ardelyx) as promptly as possible, subject to Applicable Laws, including GCP.

(b) If the notice of the Sanofi Triggered Termination is given at a time when any Clinical Trials have been initiated but not yet completed, then the Parties shall work together in good faith during the termination notice period to ensure that Sanofi's involvement in and responsibilities for such activities will be discontinued and ceased as efficiently and promptly as possible (by way of transitioning such involvement and responsibilities to Ardelyx or by other means agreed to by the Parties), subject to Applicable Laws, including GCP, and provided that the foregoing shall be without prejudice to Sanofi's obligations under Section 11.3(j) and rights under Section 11.3(m). All sublicense agreements between Sanofi and its Sublicensees or other sublicensees, and any license agreements between Sanofi and its Sanofi Licensees, shall terminate as of the effective date of the termination, unless Ardelyx provides written consent, which it shall not unreasonably withhold, delay or condition, to the assignment of any such sublicense agreement, or license agreement, as the case may be, to Ardelyx (to the extent assignable).

(c) Sanofi shall, or shall cause its Affiliates to (i) assign, and hereby assigns, to Ardelyx all right, title and interest Sanofi may have in any **[***]**, and (ii) grant, and hereby grants, to Ardelyx a non-exclusive license, with the right to grant sublicenses under the **[***]** solely to the extent incorporated into the Program Products, or Utilized in the Program solely to Develop, make, use, sell, offer for sale and import Program Compounds and Program Products in the Territory. With regard to the **[***]** and the

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[***] assigned to Ardelyx under this clause (c), Ardelyx hereby and shall grant to Sanofi a fully paid-up, non-royalty bearing worldwide non-exclusive license with the right to sublicense through multiple tiers, to use **[***]** and **[***]** to the extent that, absent such license, the practice thereof, would not constitute an infringement of the Program Patents.

(d) Ardelyx shall have the right (but not the obligation) to prosecute, maintain, enforce and defend all **[***]** and Joint Patents, and Sanofi shall, as promptly as reasonably practicable, and to a reasonable extent take such other actions and execute such other instruments, assignments, and documents as may be necessary to enable Ardelyx to practice the rights set forth in this subsection (d), with such cooperation to be provided at Ardelyx's sole cost and expense.

(e) Subject to the provisions of subsection (j) below, within thirty (30) days of the effective date of the termination of this Agreement, either Party may request in writing and the non-requesting Party shall either at its election, with respect to Product Information and Confidential Information, to which such non-requesting Party does not retain rights under the surviving provisions of this Agreement: (i) promptly destroy all copies of such Product Information or Confidential Information in the possession or control of the non-requesting Party, at the non-requesting party's sole cost and expense, and confirm such destruction in writing to the requesting Party; or (ii) promptly return to the requesting Party all copies of such Product Information or Confidential Information, at the non-requesting Party's sole cost and expense. Notwithstanding the foregoing, the non-requesting Party shall be permitted to retain such Confidential Information or Product Information (x) to the extent necessary or useful for purposes of performing any continuing obligations or exercising any ongoing rights hereunder and, in any event, a single copy of such Confidential Information or Product Information for archival purposes and (y) any computer records or files containing such Confidential Information or Product Information that have been created solely by such non-requesting Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such non-requesting Party's standard archiving and back-up procedures, but not for any other uses or purposes. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in Section 7.6; provided, however, the provisions of Article 7 shall not in any manner restrict Ardelyx's rights to use and disclose Program Information or Sanofi Confidential Information which is assigned to Ardelyx under this Article 11.

(f) Sanofi shall, where permitted under Applicable Laws, as promptly as reasonably practical, but in any event within thirty (30) days after the effective date of the termination, transfer to Ardelyx all INDs, Drug Approval Applications, and Regulatory Approvals with respect to Program Compounds and Program Products (but not with respect to any other compounds or products), and shall take such other actions and execute such other instruments, assignments, and documents as may be necessary to effect the transfer of rights hereunder to Ardelyx. Without limiting the generality of the foregoing Sanofi agrees to submit to the FDA and other Regulatory Authorities where reasonably appropriate and permitted under Applicable Laws in jurisdictions in which any regulatory filings have been made with respect to the Program Product, within ten (10) days after the effective date of such termination, a letter (with copy to Ardelyx) notifying the FDA and such other Regulatory Authorities of the transfer of any regulatory filings for the Program Product in such jurisdictions from Sanofi to Ardelyx.

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Additionally, Sanofi will provide Ardelyx with copies of regulatory filings necessary to practice the rights granted to it under this Section 11.3(f). All transfers described in this Section 11.3(f) shall be at Ardelyx's expense.

(g) Within thirty (30) days of the termination, Sanofi will assign (or cause its Affiliates to assign) to Ardelyx, at Ardelyx's request, all of Sanofi's (or its Affiliates') rights and obligations under agreements with Third Parties to the extent relating to (i) the conduct of Clinical Trials for each Program Product, including Agreements with contract research organizations, clinical sites and investigators that relate to Clinical Trials in support of Regulatory Approvals in the Territory, (ii) the Manufacture of Program Compound or Program Product (subject to Sanofi's obligations under Section 11.3(j)), and (iii) any other Third Party agreements involving the Development or Commercialization of the Program Products, unless in each of (i) through (iii), such agreement is not permitted to be assigned pursuant to its terms or relates to products other than Program Products, in which case Sanofi will cooperate with Ardelyx in all reasonable respects to transfer as promptly as reasonably practical to Ardelyx the benefit of such contract (against Ardelyx undertaking to perform all the obligations and assume all liabilities under such contract) in another mutually acceptable manner and upon Ardelyx's request facilitate discussions between Ardelyx and such Third Parties to assist Ardelyx in entering into a direct agreement with such Third Parties.

(h) Sanofi shall at Ardelyx's sole cost and expense and within thirty (30) days of the termination of this Agreement, assign all of its rights in and to all Product Trademarks for Program Products (and all registrations and applications for registration therefor) that it owns pursuant to Section 8.7 to Ardelyx and Ardelyx shall have the exclusive right (but not the obligation) to enforce the Product Trademark rights against infringers.

(i) To the extent they are assignable and as requested by Ardelyx, Sanofi shall, within fifteen (15) days of receiving the request therefor, execute any documents necessary to transfer to Ardelyx rights under any Third Party licenses obtained by Sanofi pursuant to and during the course of the term of this Agreement for the purpose of Exploiting the Program Compounds or Program Products, and Ardelyx shall thereafter be responsible for all costs, expenses and obligations associated with such Third Party licenses.

(j) If Sanofi at the time of termination was Manufacturing a given Program Product or Program Compound, Sanofi shall as soon as reasonably practicable, and in any event within ninety (90) days of the termination date, provide to Ardelyx, if Ardelyx so requests, all information and materials Controlled by Sanofi and relating specifically to such Program Compound or the Program Product, including without limitation development and manufacturing reports and provide copies of regulatory filings sufficient to enable Ardelyx to produce and supply Ardelyx's requirements of all Program Compound and Program Products as promptly as possible thereafter. At Ardelyx's election, in addition to its obligation set forth in Section 11.3(h) to seek to assign to Ardelyx Third Party agreements with respect to the Manufacture of Program Compound and Program Product, Sanofi shall transfer to Ardelyx any inventory of **[***]** that Sanofi has in its possession or Control as of the effective date of such foregoing termination (except for such quantities as Sanofi may need to retain for reference purposes), and Ardelyx shall in consideration thereof pay to Sanofi the Sanofi Full Manufacturing Cost for such inventory. Moreover, in the event of termination of this

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Agreement, Sanofi shall complete **[***]** that Sanofi may have started to manufacture as of the effective date of such termination and shall thereafter transfer such manufactured batches to Ardelyx, and Ardelyx shall in consideration thereof pay to Sanofi the Sanofi Full Manufacturing Cost for such batches. In the event that Sanofi is Manufacturing commercial supplies of Program Compound or Program Product as of the effective date of the termination, at Ardelyx's request, (i) **[***]**, and (ii) Sanofi shall provide Ardelyx with a right of reference to any regulatory filings made by Sanofi as the commercial manufacturer of Program Compound or Program Product. Sanofi shall provide reasonable assistance to Ardelyx with respect to the transfer of information so as to permit Ardelyx to begin manufacturing and supplying its requirements of Program Compound and Program Product as soon as possible to minimize any disruption in the continuity of supply; provided that the fulfillment of any requests by Ardelyx for assistance in relation to manufacturing information shall be at Sanofi's full discretion if they require more than **[***]** of effort per month during the **[***]** period following the date of termination. After the **[***]** period, Sanofi shall for an additional **[***]** period day period continue to respond in a reasonable time period to reasonable requests by Ardelyx for additional assistance relating to the transfer of manufacturing information; provided that the fulfillment of such requests during the **[***]** period shall be at **[***]** if they require more than **[***]**. After the **[***]** period, Sanofi shall for an additional period of **[***]** continue to respond in a reasonable time period to reasonable requests by Ardelyx for additional assistance relating to the transfer of manufacturing information; provided that the fulfillment of such requests during the **[***]** period shall be at Sanofi's full discretion if they require more than **[***]**. After the termination of the **[***]** period, any future requests by Ardelyx for additional assistance relating to the manufacturing information shall be addressed by Sanofi in its sole discretion. Sanofi covenants to Ardelyx that any Third Party agreements under which Sanofi engages such Third Party to manufacture Program Compounds or Program Products shall contain provisions regarding the allocation of Intellectual Property Rights and rights in work product that are consistent with the terms of this Agreement and will enable Sanofi to fulfill its obligations to Ardelyx under this Section 11.3(j).

(k) Upon Ardelyx's request, within thirty (30) days of the termination, Sanofi shall transfer to Ardelyx copies of all materials, data, results, analyses, reports, websites, marketing materials, technology, regulatory filings and other information and materials existing in tangible or electronic form at the effective date of the Sanofi Triggered Termination to the extent relating to the Program Products or Program Compounds that has been generated in the performance of the Program (**"Sanofi Product Data")** on or before the effective date of such termination by or on behalf of Sanofi, its Affiliates, Sublicensees or Sanofi Licensees and Ardelyx shall have the right to use the Sanofi Product Data on a non-exclusive basis to enable Ardelyx to proceed to Develop, Manufacture and Commercialize Program Products upon and after termination of this Agreement.

(l) Except where expressly provided for otherwise in this Agreement, termination of this Agreement shall not relieve the Parties of any liability, including without limitation any obligation to make payments hereunder, which accrued hereunder prior to the effective date of such termination, nor preclude any Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement, nor prejudice any Party's right to obtain performance of any obligation. In the event of such termination, this Section 11.3 shall survive in addition to others specified in this Agreement to survive in such event.

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(m) Sanofi shall be entitled, during a period of **[***]** following the Sanofi Triggered Termination, to finish any work-in-progress and, unless Ardelyx requests the transfer thereof in accordance with the terms of Section 11.3(j), to sell any inventory of the Program Product that remains on hand as of the date of the termination, so long as Sanofi pays to Ardelyx royalties applicable to said subsequent sales in accordance with the terms and conditions set forth in this Agreement; provided that if such termination is by Ardelyx pursuant to Section 11.2(a), that Sanofi's rights under this Section 11.3(m) shall be subject to Ardelyx's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

(n) Sanofi shall continue to comply with its **[***]**.

(o) Notwithstanding anything in this Article 11, in the event that any **[***]** at the time of the termination of this Agreement, the rights granted to Ardelyx under this Article 11 shall not include any **[***]** unless the Parties agree on commercially reasonable terms for inclusion of such rights within the rights granted to Ardelyx under this Article 11 by way of a separate written agreement setting forth the applicable **[***]**. To the extent such rights are not granted to Ardelyx, Sanofi shall have the right to **[***]**.

(p) No milestone shall be earned under Section 6.3(a) unless the milestone event has occurred prior to the delivery of a termination notice by either Party under this Article 11.

(q) In the event that Sanofi terminates (or is deemed to have terminated) this Agreement pursuant to Section 11.2(b)where such termination (or deemed termination) is the direct result of (i) a decision by a Regulatory Authority that is materially adverse to the continuation of the Program that Sanofi determines in good faith cannot be overcome by the exercise of Commercially Reasonable Efforts, (b) the occurrence of a material safety issue that Sanofi determines in good faith cannot be overcome by the exercise of Commercially Reasonable Efforts, or (c) the occurrence of an event of Force Majeure as per Section 14.2 that Sanofi determines in good faith cannot be overcome by the exercise of Commercially Reasonable Efforts, then all of the provisions of Section 11.3 shall apply with the following revisions:

(i) The following shall replace Section 11.3(c) in its entirety:

Sanofi shall, or shall cause its Affiliates to (i) grant, and hereby grants to Ardelyx an exclusive (including with regard to Sanofi and its Affiliates, except with respect to the license grant back to Sanofi below), perpetual, worldwide license, with the right to grant sublicenses under the Sanofi Sole Invention Patents, Sanofi Sole Program Know-How, and Joint Technology, and (ii) grant, and hereby grants, to Ardelyx a non-exclusive license, with the right to grant sublicenses under the Sanofi Background Technology solely to the extent incorporated into the Program Products, or Utilized in the Program solely to Develop, make, use, sell, offer for sale and import Program Compounds and Program Products in the Territory. With regard to the Sanofi Sole Program Know-How and the Joint

Program Know-How exclusively licensed to Ardelyx under this clause (c), Ardelyx shall grant and hereby grants to Sanofi a fully paid-up, non-royalty bearing worldwide non-exclusive license, to use Sanofi Sole Program Know-How and Joint Program Know-How to the extent that, absent such license, the practice thereof, would not constitute an infringement of a Program Patent containing method of use, or composition of matter claims.

(ii) Ardelyx shall compensate Sanofi or its Affiliates for any costs or expenses incurred by it or its Affiliates in connection with performing any activities contemplated by Section 11.3; provided, that, with written notice, Ardelyx may instruct Sanofi not to perform certain Section 11.3 activities, and if Ardelyx has provided such notice, it shall not be obligated to compensate Sanofi or its Affiliates for any costs or expenses associated with such noticed activities.

(iii) The following additional section shall apply:

In consideration of the transfer of Sanofi Product Data and, if applicable, INDs, Drug Approval Applications, and Regulatory Approvals as well as the [***] and any other rights granted under the above provisions in Section 11.3, if this Agreement is terminated by Sanofi [***], Ardelyx shall [***].

11.4 Consequences of Termination (or Right to Terminate) by Sanofi for Ardelyx's breach or insolvency. If Sanofi is entitled to terminate this Agreement pursuant to Section 11.2(a) as a result of a material breach by Ardelyx or Section 11.2(d) for an insolvency or other transaction described therein affecting Ardelyx, Sanofi may elect to terminate this Agreement subject to the provisions set forth in Section 11.4(a), or to continue the Agreement subject to the provisions set forth in Section 11.4(b).

(a) If Sanofi terminates the Agreement under Section 11.2(a) or under Section 11.2(d), Section 11.3 shall apply as if such termination were a Sanofi Triggered Termination, except that (AA) notwithstanding anything set forth to the contrary in Section 11.3, Ardelyx shall compensate Sanofi for any costs or expenses incurred by it or its Affiliates in connection with performing any of the activities contemplated by Section 11.3, (BB) Section 11.3(n) shall not apply and Sanofi shall **[***]**, (CC) the following additional section shall apply:

In consideration of the transfer of Sanofi Product Data and, if applicable, INDs, Drug Approval Applications, and Regulatory Approvals as well as the license granted under Section 11.3(c) and any other rights granted under the above provisions in Section 11.3, if this Agreement is terminated pursuant to Section 11.2(a) by Sanofi, Ardelyx shall **[***]**. The foregoing royalty payments shall be in addition and without prejudice to any other remedies that may be available to Sanofi due to Ardelyx's breach, including **[***]**.

And, (DD) the following shall replace Section 11.3(c) in its entirety:

Sanofi shall, or shall cause its Affiliates to (i) grant, and hereby grants to Ardelyx an exclusive (including with regard to Sanofi and its Affiliates, except with respect to the license grant back to Sanofi below), perpetual, worldwide license,

with the right to grant sublicenses under the Sanofi Sole Invention Patents, Sanofi Sole Program Know-How, and Joint Technology, and (ii) grant, and hereby grants, to Ardelyx a non-exclusive license, with the right to grant sublicenses under the Sanofi Background Technology solely to the extent incorporated into the Program Products, or Utilized in the Program solely to Develop, make, use, sell, offer for sale and import Program Compounds and Program Products in the Territory. With regard to the Sanofi Sole Program Know-How and the Joint Program Know-How exclusively licensed to Ardelyx under this clause (c), Ardelyx shall grant and hereby grants to Sanofi a fully paid-up, non-royalty bearing worldwide non-exclusive license, to use Sanofi Sole Program Know-How and Joint Program Know-How to the extent that, absent such license, the practice thereof, would not constitute an infringement of a Program Patent containing method of use, or composition of matter claims.

(b) If Sanofi has the right to terminate this Agreement under Section 11.2(a) or Section 11.2(d), but elects to continue this Agreement, this Agreement shall continue in full force and effect except as follows:

(i) Ardelyx's rights under the Co-Promote Option (whether or not exercised prior to the termination) shall terminate.

(ii) Ardelyx shall cease to have the right to participate in the DAC and SAC, and, upon such request, Ardelyx shall furnish Sanofi with reasonable cooperation to assure a smooth transition to Sanofi (or its designee) of any such activities then being conducted or performed by Ardelyx.

(iii) In the event of Sanofi being entitled to terminate this Agreement under Section 11.2(a) due to Ardelyx breach (but not if Sanofi's right to terminate is based solely on Ardelyx's insolvency pursuant to Section 11.2(d)), the **[***]** as set forth in Section [***], shall be based on [***], and any such **[***]** in connection with the **[***]**.

(c) Except where expressly provided for otherwise in this Agreement, termination of this Agreement by either Party shall not relieve the Parties of any liability, including without limitation any obligation to make payments hereunder, which accrued hereunder prior to the effective date of such termination, nor preclude any Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement, nor prejudice any Party's right to obtain performance of any obligation. In the event of such termination, this Section 11.4 shall survive in addition to others specified in this Agreement to survive in such event.

(d) No milestone payments shall be earned under Section 6.3(a) unless the milestone event has occurred prior to the delivery of a termination notice by either Party under this Article 11.

11.5 Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by a Party are, and shall otherwise be deemed to be, for the purposes of Section 365(n) of the

United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the United States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction. The Parties agree that the Parties, as licensees of such rights under this Agreement, shall retain and may fully exercise all of their rights and elections under the United States Bankruptcy Code, or equivalent provisions of applicable legislation in any other jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either Party under the Unites States Bankruptcy Code or equivalent provisions of applicable legislation in any other jurisdiction, the Party that is not a party to such proceeding shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party's possession, shall be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon the non-subject Party's written request therefor, unless the Party subject to such proceeding elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under subsection (a) above, following the rejection of this Agreement by or on behalf of the Party subject to such proceeding upon written request therefor by the non-subject Party.

11.6 Surviving Rights and Obligations. The rights and obligations set forth in this Agreement shall extend beyond the expiration or termination of the Agreement only to the extent expressly provided for herein, or to the extent that the survival of such rights or obligations are necessary to permit their complete fulfillment or discharge. Without limiting the foregoing, the Parties have identified various rights and obligations which are understood to survive, as follows:

(a) In the event of expiration or termination of this Agreement for any reason, the following provisions shall survive in addition to others specified in this Agreement to survive in such event: Article 1, Section 2.9(g), Section 2.10, Section 3.3 (last sentence), Section 5.8(d), Article 6 (solely with respect to payments due to Ardelyx after termination or expiration), Article 7 (for the length of time described in Section 7.6 but excluding Section 7.4 and Section 7.8), Section 8.2(a), Section 8.2(b) (only for the purpose of determining inventorship of inventions and Know-How, Section 8.2(c), Section 8.6 (only to the extent that an action or proceeding under Section 8.6 is initiated prior to the expiration or termination of this Agreement), Section 8.7(c) (in the case of expiration or, to the extent necessary for Sanofi to fulfill its obligations under the surviving provisions of this Agreement, in the case of termination), Section 9.3(c) (for three years after the Term), Section 9.3(e) (for three years after the Term), Section 9.3(f), Section 9.3(g), Section 9.4, Section 10.1 (for three years after December 31 of the Calendar Year in which this Agreement expired or terminated), Section 10.2, Section 10.3, Section 11.5, Section 11.6, Section 11.7, Section 12.1, Section 12.2, Article 13 and Article 14.

(b) In the event of expiration of this Agreement, in addition to those provisions described in Section 11.6(a), the following provisions shall survive: Section 2.3(which shall survive only as it applies, mutatis mutandis, to the non-exclusive license set forth in Section 2.11), Section 2.11, Section 4.5(a), Section 4.5(c) if Ardelyx has exercised the Co-Promote Option prior to the expiration of this Agreement (and subject to the terms of the Co-Promotion Agreement), and Section 4.6.

(c) In the event of termination of this Agreement, in addition to those provisions described in Section 11.6(a), the following provisions shall survive:

(i) In the event of termination of this Agreement by either Party: Section 2.1 (only to the extent specified in Section 11.3(a)), Section 2.2 (only to the extent specified in Section 11.3(a)), Section 2.3 (only to the extent and for so long as the licenses in Section 2.1 or Section 2.2 survive), Section 2.8(b) (only for so long as and to the extent that the licenses in Section 2.1 or Section 2.2 survive), and Sections 6.4 through 6.6 (solely to the extent provided in Sections 11.3 and 11.4), Sections 6.7 through 6.11 (solely with respect to payments received following the effective date of termination).

(ii) In addition, in the event of a Sanofi Triggered Termination: Section 2.9(a), Section 2.9(c), Section 2.9(d)(ii), Section 2.9(e) and Section 2.9(g) (such specified sub-sections of Section 2.9 surviving only during **[***]**), and Section 11.3.

(iii) In addition, in the event of a termination by Sanofi under Section 11.2(a) or Section 11.2(d): Section 11.3 (which survives only as it applies, mutatis mutandis, to the consequences of termination set forth in Section 11.4(a)), 11.4(b), Section 11.4(c) and Section 11.4(d).

11.7 Accrued Rights. Termination, relinquishment, or expiration of the Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of either Party prior to such termination, relinquishment, or expiration, including without limitation damages arising from any breach hereunder. Such termination, relinquishment, or expiration shall not relieve either Party from obligations that are expressly indicated to survive termination or expiration of the Agreement.

ARTICLE 12.
INDEMNIFICATION

12.1 Indemnification.

(a) Except as provided in Section 12.1(c), Sanofi hereby agrees to indemnify, defend, and hold harmless Ardelyx, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Losses incurred by them resulting from or arising out of or in connection with any suits, claims, actions, investigations or demands made or brought by a Sanofi Licensee, Sublicensee or other Third Party (collectively, "**Third Party Claims**") against Ardelyx, its Affiliates or their respective employees, officers, directors or agents, to the extent resulting from or arising out of (i) the Exploitation, use, handling, storage, sale, or other disposition of Program Compounds or Program Products by Sanofi or its Affiliates, agents, Distributors, Sanofi Licensees, Sublicensees or other licensees or sublicensees in the Territory (including, subject to Section 12.1(c), Losses to the extent resulting from Ardelyx's conduct of the Assigned Activities and Ardelyx's participation in the Detailing, Pre-Approval Activities and Other Promotional Activities associated with the disposition of Program Products in the U.S. Territory by Ardelyx, but excluding Losses to the extent resulting from or arising out of any activities conducted by or on behalf of Ardelyx, its Affiliates, licensees or sublicensees with respect to any Ardelyx Compound prior to the Effective Date, under the Grantback License or with respect to any Program Compound or Program Product after the expiration or termination of this Agreement), (ii) any Sanofi representation or warranty set forth herein being untrue in any material respect when made, (iii) the gross negligence or willful misconduct by or on behalf of

Sanofi, its Affiliates, agents, Distributors, Sanofi Licensees, Sublicensees or other licensees or sublicensees (but for clarity, excluding Ardelyx) in exercising its rights or performing its obligations hereunder or under the Co-Promote Agreement, (iv) breach of this Agreement or the Co-Promote Agreement by or on behalf of Sanofi or its Affiliates, and (v) violation of Applicable Law by or on behalf of Sanofi or its Affiliates in exercising its rights or performing its obligations hereunder or under the Co-Promote Agreement.

(b) Except as provided in Section 12.1(c), Ardelyx hereby agrees to indemnify, defend and hold harmless Sanofi, its Affiliates, and each of its and their respective employees, officers, directors and agents from and against any and all Losses incurred by them resulting from or arising out of or in connection with any Third Party Claims against Sanofi, its Affiliates or their respective employees, officers, directors or agents, to the extent resulting from or arising out of (i) the gross negligence or willful misconduct by or on behalf of Ardelyx or its Affiliates in exercising its rights or performing its obligations hereunder or under the Co-Promote Agreement, (ii) breach of this Agreement or the Co-Promote Agreement by or on behalf of Ardelyx or its Affiliates, or (iii) violation of Applicable Law by or on behalf of Ardelyx or its Affiliates in exercising its rights or performing its obligations hereunder or under the Co-Promote Agreement.

(c) Notwithstanding anything in this Section 12.1, in no event shall either Party's obligations of indemnity or reimbursement under this Section 12.1 apply to any Third Party Claim or Loss to the extent that such Third Party Claim or Loss was caused by the negligence or willful misconduct of, breach of this Agreement or the Co-Promote Agreement, or violation of Applicable Law by, the other Party or any other Person seeking indemnification under this Article 12.

12.2 Mechanism.

(a) In the event that a Party (the "**Indemnified Party**") is seeking indemnification under Section 12.1(a) or 12.1(b), it shall notify the other Party (the "**Indemnifying Party**") in writing of the relevant Third Party Claim and the relevant Loss for which indemnification is being sought as soon as reasonably practicable after it becomes aware of such Third Party Claim. Each such notice shall contain a description of the Third Party Claim and the nature and amount of the Loss claimed (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any such Third Party Claim or Losses. For the avoidance of doubt, all indemnification claims in respect of a Party, its Affiliates, and each of its and their respective employees, officers, directors and agents shall be made solely by such Party to this Agreement. The Indemnified Party shall permit the Indemnifying Party to assume direction and control of the defense of the relevant Third Party Claim (including without limitation the right to settle the claim subject to Section 12.2(c)), and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim. The assumption of the defense of a Third Party Claim by the Indemnifying Party shall not be construed as an acknowledgement that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's claim for indemnification.

(b) Notwithstanding Section 12.2(a), the failure to give timely notice to the Indemnifying Party shall not release the Indemnifying Party from any liability to the Indemnified Party to the extent the Indemnifying Party is not prejudiced thereby and, for the avoidance of doubt, the Indemnifying Party shall not be liable to the extent any Loss is caused by any delay by the Indemnified Party in providing such notice. Notwithstanding the provisions of Section 12.2(a) requiring the Indemnified Party to tender to the Indemnifying Party the exclusive ability to defend such claim, if the Indemnifying Party declines to or fails to timely assume control of the relevant Third Party Claim, the Indemnified Party shall be entitled to assume such control, conduct the defense of, and settle such claim, but costs and expenses shall be borne by the Indemnifying Party.

(c) Neither Party shall settle or dispose of any such claim in any manner that would adversely affect the rights or interests or admit fault, of the other Party without the prior written consent of such other Party, which shall not be unreasonably withheld, delayed or conditioned.

(d) The non-controlling Party, at the controlling Party's expense and reasonable request, shall cooperate with the controlling Party and its counsel in the course of the defense or settlement of any such claim, such cooperation to include without limitation using reasonable efforts to provide or make available documents, information, and witnesses.

12.3 Insurance. Each Party shall have and maintain such type and amounts of liability insurance covering the Manufacture, supply, use and sale of the Program Compounds and the Program Products as is normal and customary in the pharmaceutical industry generally for Persons similarly situated, and shall upon request provide the other Party with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto.

ARTICLE 13.
DISPUTE RESOLUTION

13.1 Referral of Disputes to the Parties' Senior Executives. In the event of any dispute between the Parties arising out of or in connection with this Agreement, either Party may, by written notice to the other, have such dispute referred to the Senior Executives for attempted resolution by good faith negotiations within **[***]** after such notice is received.

13.2 Mechanism.

(a) If (i) Ardelyx at any time has a good faith belief that Sanofi may be in material breach of its obligations under Section 4.3, (ii) Ardelyx has notified Sanofi of its belief in writing and the Parties are not in agreement as to whether or not such breach under Section 4.3 exists, and (iii) the Parties have not resolved the dispute through good faith negotiations pursuant to Section 13.1 within the prescribed time, then either Party shall have the right (but not the obligation) to request, through written notice to the other Party (a "**Mediation Notice**") within thirty (30) days after the expiry of the time period set forth in Section 13.1, that the Parties shall attempt in good faith to settle such dispute by mediation administered by the American Arbitration Association ("**AAA**") under its Commercial Mediation Procedures. For clarity, neither Party shall be obligated to exercise its right to initiate mediation pursuant to this Section 13.2(a) before initiating arbitration pursuant to Section 13.2(b) , but should one Party properly

initiate mediation pursuant to this Section 13.2(a) before the other has initiated arbitration pursuant to Section 13.2(b), then such mediation shall be completed prior to either Party initiating arbitration pursuant to Section 13.2(b). If a Party elects to exercise its right to initiate mediation within the prescribed time, then the following shall apply: If the Parties are unable to reach agreement on the selection of the mediator within ten (10) Business Days after a Party's receipt of the Mediation Notice from the initiating Party, then either or both Parties shall immediately request the AAA to select a mediator with the requisite background, experience and expertise in the biopharmaceutical industry to assist the Parties in resolving the dispute amicably. The place of mediation shall be New York City, New York, and all negotiations and communications shall be in English. The Parties shall have the right to be represented by counsel during the mediation. Each Party shall bear its own costs and expenses and attorneys' fees, and the Parties shall share equally all costs of engaging such mediator and using the AAA to mediate such matter. Any decisions or recommendations of the mediator shall be confidential and non-binding on the Parties. If the Parties are unable to resolve the dispute through mediation pursuant to this Section 13.2(a) within a period of sixty (60) days following a Party's receipt of the Mediation Notice from the initiating Party, then either Party shall thereafter have the right to refer the dispute to arbitration pursuant to Section 13.2(b).

(b) Subject to Sections 13.1 and 13.2(a), any dispute, controversy or claim arising out of or relating to this Agreement, including the existence, negotiation, validity, formation, interpretation, breach, performance or application of this Agreement shall be settled by binding arbitration administered by the AAA in accordance with its Commercial Arbitration Rules (or the AAA International Arbitration Rules, if recommended under the AAA guidelines), as such rules may be modified by this Section 13.2(b) or otherwise by subsequent written agreement of the Parties. The number of arbitrators shall be three (3), of whom the Parties shall select one (1) each. The two arbitrators so selected will select the third and final arbitrator. If the arbitrators selected by the Parties are unable or fail to agree upon the third arbitrator, the AAA shall select the third arbitrator. The place of arbitration shall be New York City, New York, and all proceedings and communications shall be in English. The Parties shall have the right to be represented by counsel. The Parties agree that such judgment or award may be enforced in any court of competent jurisdiction. Any judgment or award rendered by the arbitrators shall be final and binding on the Parties, except for clerical, typographical or computational errors.

13.3 Preliminary Injunctions. Notwithstanding anything to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) on the ultimate merits of any dispute.

13.4 Intellectual Property Disputes. Notwithstanding anything to the contrary, any and all issues regarding the scope, inventorship, construction, validity, enforceability or ownership of Program Patents, the Sole Program Know-How of each of the Parties, or Joint Program Know-How shall be determined in a court of competent jurisdiction under the local patent laws of the jurisdictions having issued the Patents in question, notwithstanding Section 14.7.

13.5 Confidentiality. All proceedings and decisions of the arbitrator(s) in connection with an arbitral proceeding pursuant to Section 13.2(b) shall be deemed Confidential Information of each of the Parties and shall be subject to Article 7.

ARTICLE 14.
MISCELLANEOUS

14.1 Assignment; Performance by Affiliates.

(a) Neither Party may assign any of its rights or delegate any of its obligations under this Agreement in any country in whole or in part without the prior written consent of the other Party, except that each Party shall have the right, without such consent, (i) to perform any of its obligations and exercise any of its rights under this Agreement through, and to assign all of its rights and obligations under this Agreement to, any of its Affiliates, (ii) to assign all of its rights and obligations under this Agreement to a non-Affiliate successor in interest, whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction, to all or substantially all of the business of Ardelyx to which this Agreement relates (in the case of Ardelyx) or all or substantially all of the business of Sanofi to which this Agreement relates (in the case of Sanofi). In the event that a Party performs its obligations or exercises its rights under this Agreement through an Affiliate (without having assigned all of its rights and obligations to such Affiliate as permitted under this Section 14.1), doing so shall not relieve the relevant Party of its responsibilities for the performance of its obligations under this Agreement, and the relevant Party shall remain responsible and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance.

(b) This Agreement shall survive any succession of interest permitted pursuant to Section 14.1(a)(ii), whether by merger, consolidation, reorganization, acquisition, stock purchase, asset purchase or other similar transaction (such party undergoing such transaction, the "**Subject Party**").

(c) In the event of such transaction described in clause (b) above, the Patents and other Intellectual Property Rights owned or otherwise Controlled, as of the effective date of the closing of such transaction, by any counterparty with respect to such transaction (the "**Counterparty**") shall not become subject to the license grants, assignments, reports, disclosures and other requirements of this Agreement, unless (i) such Patent and Intellectual Property Rights become subject to the terms of this Agreement as a result of Section 2.9(d)(ii), or (ii) after the effective date of the transaction, the Patent or other Intellectual Property Rights of the Counterparty are used in the Development or Commercialization of a Program Product. In the event of (i) or (ii) above, the relevant Patent or Intellectual Property Rights of such Counterparty shall become automatically subject to the license grants, assignments, reports, disclosures, and other requirements of this Agreement.

(d) This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Any assignment not in accordance with this Agreement shall be void.

14.2 Force Majeure. In this Agreement, "**Force Majeure**" means an event which is beyond a non-performing Party's reasonable control, including an act of God, strike, lock-out or other industrial/labor disputes (whether involving the workforce of the Party so prevented or of any other Person), war, riot, civil commotion, terrorist act, epidemic, quarantine, fire, flood, storm, earthquake, natural disaster or compliance with any law or governmental order, rule, regulation or direction, whether or not it is later held to be invalid. A Party that is prevented or delayed in its performance under this Agreement by an event of Force Majeure (a "**Force Majeure Party**") shall, as soon as reasonably practical but no later than thirty (30) days after the occurrence of a Force Majeure event, give notice in writing to the other Party specifying the nature and extent of the event of Force Majeure, its anticipated duration and any action being taken to avoid or minimize its effect. Subject to providing such notice and to this Section 14.2, the Force Majeure Party shall not be liable for delay in performance or for non-performance of its obligations under this Agreement, in whole or in part, except as otherwise provided in this Agreement, where non-performance or delay in performance has resulted from an event of Force Majeure. The suspension of performance allowed hereunder shall be of no greater scope and no longer duration than is reasonably required and the Force Majeure Party shall exert all reasonable efforts to avoid or remedy such Force Majeure.

14.3 Further Actions. Each Party agrees to execute, acknowledge, and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

14.4 Notices. All notices hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (receipt verified), mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by internationally recognized overnight delivery service that maintains records of delivery, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice; provided, that notices of a change of address shall be effective only upon receipt thereof). Such notice shall be deemed to have been given as of the date delivered personally or transmitted by facsimile (with transmission confirmed) or on the second Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter.

If to Ardelyx, addressed to:	Ardelyx, Inc. 34175 Ardenwood Blvd. Fremont, CA 94555 Attention: Michael Raab, CEO Facsimile: 510-745-0493
With a copy to:	Ardelyx, Inc. 34175 Ardenwood Blvd. Fremont, CA 94555 Attention: Legal Department Facsimile: 510-745-0493

If to Sanofi, addressed to	Sanofi 54, rue La Boétie 75008 Paris France Attention: Vice President, Corporate Licenses Facsimile : [***]
With a copy to:	Sanofi 54, rue La Boétie 75008 Paris France Attention: Vice President, Legal Operations Facsimile : [***]

14.5 Waiver. Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a waiver of any other of such Party's rights or remedies provided in this Agreement.

14.6 Severability. If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then (a) the remainder of this Agreement, or the application of such term, covenant, or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law, and (b) the Parties covenant and agree to renegotiate any such term, covenant, or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant, or condition of this Agreement or the application thereof that is invalid or unenforceable, it being the intent of the Parties that the basic purposes of this Agreement are to be effectuated.

14.7 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of New York without giving effect to any conflict of law principle that would otherwise result in the application of the laws of any State or jurisdiction other than the State of New York.

14.8 Jurisdiction. Subject to Sections 13.3, 14.7 and 14.5, the Parties hereby irrevocably and unconditionally consent to the exclusive jurisdiction of the state and federal courts of the borough of Manhattan, New York for any action, suit or proceeding (other than appeals therefrom) arising out of or relating to this Agreement and agree not to commence any action, suit or proceeding (other than appeals therefrom) related thereto except in such courts.

14.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.10 Entire Agreement. This Agreement, including without limitation all exhibits attached hereto, sets forth all the covenants, promises, agreements, warranties, representations, conditions, and understandings between the Parties and supersedes and terminates all prior and

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

contemporaneous agreements and understanding between the Parties, including without limitation the agreement and amendments thereto set forth in Section 7.8. There are no covenants, promises, agreements, warranties, representations, conditions, or understandings, either oral or written, between the Parties other than as set forth in this Agreement. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

14.11 Limitation of Liability. EXCEPT IN CIRCUMSTANCES OF GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT BY A PARTY OR ITS AFFILIATES, OR WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTION 12.1, IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES OR SUBLICENSEES BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, REVENUE, MILESTONES OR ROYALTIES. This Section 14.11 shall not limit either Party's obligations under Article 12.

14.12 No Partnership. It is expressly agreed that the relationship between Ardelyx and Sanofi shall not constitute a partnership, joint venture, or agency. Neither Ardelyx nor Sanofi shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of such other Party to do so.

14.13. No Benefit to Third Parties. The covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, other than as set forth in Article 12, and they shall not be construed as conferring any rights on any other Persons.

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, the Parties have executed this Agreement in duplicate originals by their proper officers as of the Effective Date.

Ardelyx, Inc.		**Sanofi**	
By:	/s/ Mike Raab	By:	/s/ Phillipe Goupit
Printed Name:	Mike Raab	Printed Name:	Phillipe Goupit
Title:	Chief Executive Officer	Title:	Vice President

EXHIBIT A

LISTED PATENTS

[***]

[***] Two pages in this document have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT B

PATENT COSTS INCURRED BY ARDELYX FOR PROSECUTION AND MAINTENANCE PRIOR TO THE EFFECTIVE DATE; COSTS DO NOT INCLUDE COSTS AND EXPENSES INCURRED IN DRAFTING AND FILING OF ORIGINAL APPLICATIONS

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT C

LIST OF COUNTRIES FOR PROSECUTION AND MAINTENANCE OF LISTED PATENTS

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT D

ARDELYX PRESS RELEASE

ARDELYX LICENSES NaP2b PHOSPHATE INHIBITOR PROGRAM FOR KIDNEY DISEASE TO SANOFI IN DEAL WORTH UP TO $198 MILLION

Fremont, California. February XX, 2014 – Ardelyx, Inc. today announced that it has licensed to Sanofi (NYSE: SNY; EURONEXT: SAN) its novel phosphate transport NaP2b inhibitor program (also known as NaPi2b, Npt2b and SLC34A2). Ardelyx will receive an undisclosed upfront payment from Sanofi. Total development and regulatory milestones could potentially reach up to $198 million. Ardelyx would also be entitled to royalties on product sales. In addition, Ardelyx retains an option to participate in co-promotional activities for the US market.

"Sanofi's R&D and commercial capabilities in phosphate management are rivaled by no other company, including their ability to test and understand our NaP2b inhibitor compounds in relation to phosphate binders and other available phosphate management strategies," stated Mike Raab, CEO of Ardelyx.

Ardelyx's NaP2b program includes a portfolio of minimally-absorbed NaP2b inhibitors in discovery and preclinical stage of development, and Sanofi will have full responsibility for further discovery efforts and development of any products. NaP2b is an intestinal phosphate transporter whose activity accounts for a significant portion of dietary phosphate absorption in humans. The inhibition of NaP2b should have utility for the treatment of hyperphosphatemia (elevated serum phosphate) in patients with end stage renal disease (ESRD) and other forms of chronic kidney disease (CKD).

About Ardelyx

Ardelyx, a venture-funded biopharmaceutical company, was founded on the design and development of non- and minimally-absorbed, first-in-class oral therapeutics that target specific gut transporters and receptors with drugs that address important medical issues in cardiorenal, metabolic and gastrointestinal diseases. With this approach, Ardelyx has developed a pipeline of drug candidates that act locally and specifically in the gastrointestinal (GI) tract, thereby limiting the potential for systemic side effects, while impacting targets and pathways that modulate systemic diseases.

The Company's lead product, tenapanor, a minimally-absorbed, orally administered NHE3 sodium transport inhibitor, is being evaluated both for prevention of sodium and fluid overload in patients with kidney and heart disease and for constipation-predominant irritable bowel syndrome (IBS-C). Tenapanor is being developed by AstraZeneca under an exclusive license from Ardelyx. Additionally, Ardelyx has other products in early development for cardiorenal,

metabolic and gastrointestinal diseases. To date, Ardelyx has raised $56 million in venture and angel funding since it was founded in 2007, and has received $50 million in non-dilutive funding from AstraZeneca. Ardelyx is located in Fremont, California. For more information, visit Ardelyx's website at www.ardelyx.com.

Ardelyx Media and Investors Contact:

Mr. Mark Kaufmann
Chief Business Officer
mkaufmann@ardelyx.com
Tel: 510-745-1751

EXHIBIT E

TECHNOLOGY TRANSFER DELIVERABLES

I - Ardelyx Background Know-How and Listed Patents
[***]

II - Materials
[***]

[***] Two pages in this document have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT F

SPECIAL DISCLOSURE PROCESS

Any intended disclosure by Ardelyx of Confidential Information as per subsection 7.5 (d) or of the terms of this Agreement as per 10.2 to a Major Biopharmaceutical Company shall be made in compliance with the process described below:

[***]

[***] Certain information in this document has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Exhibit 10.3

ARDELYX, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

Dated as of June 23, 2011

TABLE OF CONTENTS

ARDELYX, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "***Agreement***") is made as of June 23, 2011 by and among Ardelyx, Inc., a Delaware corporation (the "***Company***") formerly known as Nteryx, Inc., Dominique Charmot and Jean Frechet (the "***Founders***"), the investors listed on Schedule A hereto (each an "***Investor***" and collectively the "***Investors***"), and such Investors who may be added to this Agreement as provided herein.

RECITALS

A. The Founders currently own shares of common stock of the Company (the "***Common Stock***").

B. Certain of the Investors and the Company are parties to that certain Series B Preferred Stock Purchase Agreement dated as of the date hereof (the "***Series B Purchase Agreement***") relating to the issue and sale of shares of Series B Preferred Stock of the Company (the "***Series B Preferred Stock***"). The Company may sell and issue additional shares of Series B Preferred Stock (the "***Additional Series B Shares***") to certain Investors and other investors (the "***Additional Series B Investors***") pursuant to the Series B Purchase Agreement.

C. The obligations of the Company and certain of the Investors under the Series B Purchase Agreement are conditioned, among other things, upon the execution and delivery of this Agreement by the Investors, the Founders and the Company.

D. The Company, the Founders, and the Investors previously entered into that Investors' Rights Agreement dated as of May 29, 2008 (the "**Prior Agreement**"). The parties to the Prior Agreement desire to terminate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the parties hereto agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

(a) The term "***Act***" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as the same shall be in effect from time to time.

(b) The term "***Form S-3***" means such form under the Act as in effect on the date hereof or any successor registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "***Founders Shares***" means the shares of Common Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations (collectively, "***Recapitalizations***")) issued to the Founders in the amounts set forth on Schedule B hereto.

(d) The term "***Holder***" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 hereof; provided, however, that the Founders shall not be deemed "Holders" for purposes of Sections 1.2, 1.4, 1.7, 1.12, and 3.8.

(e) The term "***Initial Public Offering***" means the first firm commitment underwritten public offering of its Common Stock pursuant to an effective registration statement under the Act (other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction).

(f) The term "***1934*** Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as the same shall be in effect from time to time.

(g) The term "***Preferred Stock***" shall mean the Series A Preferred Stock of the Company and the Series B Preferred Stock.

(h) The terms "***register***," "***registered***," and "***registration***" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(i) The term "***Registrable Securities***" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock, (ii) the Founders Shares; provided, however, that such Founder Shares shall not be deemed Registrable Securities and the holders thereof shall not be deemed Holders for the purposes of Sections 1.2, 1.4, 1.7, 1.12 and 3.8 and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i) or (ii) above, excluding in all cases, however, any Registrable Securities sold by a person (x) in a transaction in which his, her or its rights under this Section 1 are not assigned, (y) pursuant to a registration statement under the Act that has been declared effective and such Registrable Securities have been disposed of pursuant to such effective registration statement, or (z) in a transaction in which such Registrable Securities are sold pursuant to Rule 144 (or any similar provision then in force) under the Act.

(j) The number of shares of "***Registrable Securities then outstanding***" shall be determined by the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(k) The term "***SEC***" shall mean the Securities and Exchange Commission.

(l) The term "***Qualified Public Offering***" shall mean the first firm commitment underwritten public offering of Common Stock of the Company pursuant to an effective registration statement on Form S-1 (as defined in the Act) or any successor form at a price per share of not less than $3.42 (appropriately adjusted for any Recapitalizations effected after the date hereof) with aggregate proceeds to the Company (before deductions of underwriters' discounts and commissions) of not less than $30,000,000 and pursuant to which the Company's Common Stock is listed on the New York Stock Exchange or NASDAQ.

1.2 Request for Registration.

(a) Subject to the conditions of this Section 1.2, if the Company shall receive at any time after the earlier of (i) four (4) years after the date of this Agreement or (ii) six (6) months after the effective date of the Initial Public Offering, a written request from the Holders of at least twenty-five percent (25%) or more of the Registrable Securities then outstanding (the "***Initiating Holders***") that the Company file a registration statement under the Act covering the registration of at least twenty-five percent (25%) of the then outstanding Registrable Securities, or a lesser percent if the anticipated aggregate offering price, net of underwriting discounts and commissions, would exceed $5,000,000, then the Company shall, within twenty (20) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.2, use commercially reasonable efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 1.2(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.2 and the Company shall include such information in the written notice referred to in Section 1.2(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company that marketing factors require a limitation of the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a pro rata basis (as nearly as practicable) based on the number of Registrable Securities held by all such Holders (including the Initiating Holders), provided that no Registrable Securities shall be excluded unless and until all other securities of the Company have been excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) In addition, the Company shall not be required to effect a registration pursuant to this Section 1.2:

(i) after the Company has effected two (2) registrations pursuant to this Section 1.2, and such registrations have been declared or ordered effective;

(ii) If the Company has effected a registration pursuant to this Section 1.2 within the preceding twelve (12) months, and such registration has been declared or ordered effective;

(iii) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) days following the effective date of, a Company-initiated registration subject to Section 1.3, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(iv) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 1.4;

(v) if the Company shall furnish to Holders requesting a registration pursuant to this Section 1.2, a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided that such right shall be exercised by the Company not more than once in any twelve (12) month period, provided further, that the Company shall not register any securities for the account of itself or any other stockholder during such one ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered); or

(vi) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act.

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders, but not including a registration effected pursuant to Section 1.2 or Section 1.4 hereof) any of its stock or other securities under the Act in connection with the public offering of such securities (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration relating to a corporate reorganization or other transaction

under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company, the Company shall, subject to the provisions of Section 1.5(e), use all commercially reasonable efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

(b) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.7 hereof.

1.4 Form S-3 Registration. In case the Company shall receive from the Holders of at least twenty-five percent (25%) of the Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use commercially reasonable efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000;

(iii) if the Company shall furnish to the Holders a certificate signed by the Chief Executive Officer or Chairman of the Board of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3

registration statement for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 1.4; provided, however, that the Company shall not utilize this right more than once in any twelve (12) month period and provided further, that the Company shall not register any securities for the account of itself or any other stockholder during such 60-day period;

(iv) if the Company has, within the six-month period preceding the date of such request, already effected one (1) registration on Form S-3 for the Holders pursuant to this Section 1.4; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business, where not otherwise required, or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 1.4 shall not be counted as requests for registration effected pursuant to Section 1.2 or Section 1.3.

1.5 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective, and, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to each Holder (i) a draft copy of the registration statement, and (ii) such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by it;

(d) use commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, where not otherwise required, or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, subject to compliance with the terms of Section 1.9 herein, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required to include any of the Holders' securities in such underwriting unless such party accepts the terms of the underwriting as agreed upon between the Company and the underwriters selected by the Company and enter into an underwriting agreement in customary form, subject to compliance with the terms of Section 1.9 herein, with such underwriter or underwriters selected by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then subject to Section 1.2 above, the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders, except that no Registrable Securities of Holders other than the Founders shall be excluded until all Founders Shares have been excluded), but in no event shall the amount of securities of the selling Holders (other than the Founders) included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the Initial Public Offering of the Company's securities, in which case the selling stockholders may be excluded if the underwriters make the determination described above. For purposes of the preceding parenthetical concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a partnership or corporation, the partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling stockholder," and any pro rata reduction with respect to such "selling stockholder" shall be based upon the aggregate amount of Registrable Securities owned by all entities and individuals included in such "selling stockholder," as defined in this sentence;

(f) notify each Holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Act, of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed; provided that in the case of a registration effected pursuant to Section 1.2 above, which registration constitutes the Initial Public Offering, the Registrable Securities shall be listed on the New York Stock Exchange or the NASDAQ Global Market system;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration; and

(i) Use commercially reasonable efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (A) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (B) a letter, dated as of such date, from the independent certified public accountants of the Company, in such form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any.

1.6 Information from Holder.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 1.2 or Section 1.4, respectively if, due to the operation of Section 1.6(a), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 1.2(a) or Section 1.4, respectively

1.7 Expenses of Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Sections 1.2 and 1.3 and 1.4, including, without limitation, all registration, filing and qualification fees (including "blue sky" fees), printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders not to exceed $35,000 shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or Section 1.4 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be registered in the withdrawn registration) unless, in the case of a registration requested under Section 1.2, the Holders of a majority of the Registrable Securities agree to forfeit their right to one (1) demand registration pursuant to Section 1.2, provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2 or 1.4.

1.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.9 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, officers, directors and stockholders of, and legal counsel and accountants for, each Holder (each an "***Additional Indemnified Party***"), any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter, within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act, or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions, proceedings, or settlements in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws; and the Company will reimburse each such Holder, Additional Indemnified Party, underwriter and each person, if any, who controls such Holder or underwriter, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 1.9(a) shall not apply to amounts paid in settlement of any

such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, Additional Indemnified Party, underwriter and each person, if any, who controls such Holder or underwriter; provided further, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder, Additional Indemnified Party, underwriter or any person who controls such Holder or underwriter, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Holder or underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, each selling Holder, on a several and not joint basis, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act, or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions, proceedings, or settlements in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any person intended to be indemnified pursuant to this Section 1.9(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld, conditioned or delayed), provided that in no event shall any indemnity under this Section 1.9(b) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.9 of actual knowledge of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate

counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.9 to the extent of such prejudice, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9.

(d) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of and the relative benefits received by the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations, provided that no person guilty of fraud shall be entitled to contribution. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. The relative benefits received by the indemnifying party and the indemnified party shall be determined by reference to the net proceeds and underwriting discounts and commissions from the offering received by each such party. In no event shall any contribution under this Section 1.9(d) exceed the net proceeds from the offering received by such Holder, less any amounts paid under Section 1.9(b).

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

1.10 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the Initial Public Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the Initial Public Offering), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.11 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee, member, retired member or assignee of such securities that (i) is a subsidiary, affiliate, parent, partner, limited partner, retired partner or stockholder of a Holder, (ii) is a Holder's immediate family member (spouse or child) or trust for the benefit of an individual Holder, or (iii) after such assignment or transfer, holds at least 500,000 shares of Registrable Securities (subject to appropriate adjustment for Recapitalizations), provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing, a copy of which writing is provided to the Company at the time of transfer, to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.13 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company registration rights the terms of which are equal to or more favorable than the registration rights granted to Holders hereunder.

1.13 "Market Stand-Off" Agreement. Each Holder hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to a Qualified Public Offering ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days or such longer period, not to exceed eighteen (18) days after the expiration of the 180-day period, as the Company or such underwriter shall request in order to facilitate compliance with FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing provisions of this Section 1.13 shall apply only to the Initial Public Offering and shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers and directors and greater than five percent (5%) stockholders of the Company enter into similar agreements. The underwriters in connection with a Qualified Public Offering by the Company are intended third party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto; further, each Holder hereby agrees to enter into written agreement with such underwriters containing terms substantially equivalent to the terms of this Section 1.13, and each Holder hereby agrees that such underwriters shall be entitled to require each such Holder to enter into such a written agreement. Notwithstanding the foregoing, nothing in this Section 1.13 shall prevent a Holder from making a transfer of any Common Stock that was listed on a national stock exchange, actively traded over-the-counter or traded on the NASDAQ Global Market at the time it was acquired by the Holder or was acquired by such Holder pursuant to Rule 144A of the Act, including any shares acquired in a Qualified Public Offering by the Company. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after five (5) years following the consummation of a Qualified Public Offering or, as to any Holder, such earlier time at which all Registrable Securities held by such Holder (and any affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any ninety (90) day period without registration in compliance with Rule 144 of the Act or upon the consummation of a transaction or series of related transactions deemed to be a Liquidation Event pursuant to the Company's Amended and Restated Certificate of Incorporation ("***Restated Certificate***").

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Investor holding at least 15,000,000 (appropriately adjusted for any Recapitalizations) shares of Registrable Securities (each, a "***Major Investor***"):

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company ended December 31, 2010 or later, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholder's equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("***GAAP***") consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, and audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter and for the current fiscal year to date, all in reasonable detail and stating in comparative form (i) the figures as of the end of and for the comparable periods of the preceding fiscal year and (ii) the figures reflected in the operating budget for such period as specified in the operating plan of the Company delivered pursuant to subparagraph (c), prepared in accordance with GAAP, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made;

(c) as soon as practicable, but in any event within sixty (60) days prior to the end each fiscal year, a comprehensive operating budget for the next fiscal year, prepared on a monthly basis forecasting revenues, expenses and cash position;

(d) as soon as practicable but in any event after the end of the first, three quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the recipient to calculate their respective percentage equity ownership in the Company; and

(e) such other information relating to the financial condition, business, prospects or corporate affairs of the Company as such Investor or any assignee of such Investor may from time to time reasonably request, provided, however, that the Company shall not be obligated under this Section 2.1 to provide information that it deems in good faith to be a trade secret or similar confidential information.

2.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Section 2.2 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information.

2.3 Right of First Offer. Subject to the terms and conditions specified in this Section 2.3, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2.3, Major Investor includes any general partners and affiliates of a Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate, so long as such apportionment does not cause the loss of the exemption under Section 4(2) of the Act or any similar exemption under applicable state securities laws in connection with such sale of Shares by the Company.

Each time the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, any class of its capital stock (the "***Shares***"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice in accordance with Section 3.6 (the "***Notice***") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company, within twenty (20) calendar days after receipt of the Notice, the Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares that equals the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by such Major Investor bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all outstanding convertible and exercisable securities). The Company shall promptly, in writing, inform each Major Investor which purchases all the shares available to it (a "***Fully-Exercising Major Investor***") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after receipt of such information, each Fully-Exercising Major Investor may elect to purchase that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for by the Major Investors which is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of Preferred Stock then held, by such Fully-Exercising Major Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of Preferred Stock then held, by all Fully-Exercising Major Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares that Major Investors are entitled to obtain pursuant to Section 2.3(b) are not elected to be obtained as provided in Section 2.3(b) hereof, the Company may, during the ninety (90) day period following the expiration of the period provided in Section 2.3(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 2.3 shall not be applicable to**:**

(i) the issuance or sale of Series B Preferred Stock pursuant to the Series B Purchase Agreement (including the Additional Series B Shares to Additional Series B Investors);

(ii) the issuance of shares of securities pursuant to a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "***Common Stock Equivalents***") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof);

(iii) the issuance of up to 18,051,206 shares (subject to appropriate adjustment for Recapitalizations) of Common Stock or options therefor to employees, consultants, officers, directors or service providers of the Company issued in connection with such individual's provision of services to the Company directly or pursuant to a stock option plan, restricted stock purchase plan or similar equity incentive plan approved by the Board of Directors of the Company; provided that the foregoing number of shares of Common Stock may be increased by approval of the Board of Directors (including the approval of each Preferred Director (as defined in the Restated Certificate));

(iv) the issuance of shares of Common Stock in a bona fide, firmly underwritten public offering under the Act before which or in connection with which all outstanding shares of Preferred Stock will be automatically converted to Common Stock;

(v) the issuance of shares of Common Stock or Preferred Stock pursuant to the conversion or exercise of convertible or exercisable securities outstanding as of the date hereof or subsequently issued without violation of this Section 2.3;

(vi) the issuance of shares of Common Stock pursuant to the conversion of the Preferred Stock;

(vii) the issuance of shares of Common Stock in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, each as approved by the Board of Directors of the Company (including the approval of each Preferred Director);

(viii) the issuance or sale of stock, warrants or other securities or rights to persons or entities with which the Company has bona fide commercial or strategic business relationships, provided such issuances are (I) approved by the Board of Directors of the Company (including the approval of at least one of the Preferred Directors) and (II) are effected for other than primarily equity financing purposes; or

(ix) shares of Common Stock issued or issuable in connection with any transaction where such securities so issued are exempted from the right of first offer in this Section 2.3 by the affirmative vote of at least a majority of the Board of Directors including each Preferred Director.

In addition to the foregoing, the right of first offer in this Section 2.3 shall not be applicable with respect to any Major Investor and any subsequent securities issuance, if (i) at the time of such subsequent securities issuance, the Major Investor is not an "accredited investor," as that term is then defined in Rule 501(a) under the Act, and (ii) such subsequent securities issuance is otherwise being offered only to accredited investors.

(e) The right of first offer set forth in this Section 2.3 may not be assigned or transferred, provided, however, that a Major Investor may assign or transfer such rights to any other Major Investor and a Major Investor that is a venture capital fund may assign or transfer such rights to an affiliated venture capital fund.

2.4 Observer Rights. The Company shall invite a representative of each Investor with Observer Rights to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give each Investor with Observer Rights copies of all notices, minutes, consents, and other materials that it provides to its directors; provided, however, that each representative of an Investor with Observer Rights shall agree to hold in confidence and trust all information so provided; and, provided further, that the Company reserves the right to withhold any information and to exclude any or all representatives from any meeting or portion thereof if the Company believes in good faith, upon the advice of outside counsel to the Company, that access to such information or attendance at such meeting or portion thereof is reasonably necessary to preserve the attorney-client privilege. The representatives must be persons acceptable to a majority of the Board of Directors of the Company. "***Investor with Observer Rights***" means each of: (a) a designee of New Enterprise Associates 12, Limited Partnership ("***NEA***"), so long as NEA holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by it pursuant to the Series A Purchase Agreement dated as of May 29, 2008 by and among the Company and the other parties named therein (the "***Prior Purchase Agreement***") and the Series B Purchase Agreement (on an as-converted to Common Stock basis); (b) a designee of CMEA Ventures VII, L.P. ("***CMEA***"), so long as CMEA holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by it pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis); (c) Peter Schultz ("***Schultz***") so long as he holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by him pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement

(on an as-converted to Common Stock basis); and (d) Jean Frechet (***"Frechet"***) so long as he holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by him pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis).

2.5 Proprietary Information and Inventions Assignment Agreements. The Company shall require all employees with access to proprietary information to execute and deliver (i) the Company's standard form of proprietary information and inventions assignment agreement in substantially the form approved by the Company's Board of Directors and all consultants with access to proprietary information to enter into a consulting agreement that contains non-disclosure and, to the extent such consultant is involved in the development of intellectual property for the Company, assignment of inventions provisions.

2.6 Common Stock Vesting. Shares of Common Stock (or options therefor) issued to future employees and service providers of the Company after the date hereof shall, unless otherwise approved by a majority of the Board of Directors (i) vest as follows: no shares shall vest until the completion of the twelve (12) month anniversary of the commencement of employment or service, at which time twenty-five percent (25%) of the Common Stock (or option therefor) shall vest; and the remainder shall vest in equal monthly installments over the following thirty-six (36) months and (ii) include a 180-day lockup period or such longer period, not to exceed eighteen (18) days after the expiration of the 180-day period, as the Company or such underwriter shall request in order to facilitate compliance with FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto) in connection with a Qualified Public Offering. Unless otherwise approved by the Board of Directors, with respect to any shares of Common Stock purchased by any such person, the Company's repurchase option shall provide that upon such person's termination of employment or service with the Company, with or without cause, the Company or its assignee (to the extent permissible under applicable securities laws and other laws) shall have the option to purchase at cost any unvested shares of stock held by such person.

2.7 Actions Requiring Board Approval. The Company shall not, without the approval of the Board of Directors of the Company (including the approval of each Preferred Director), make any acquisitions of tangible or intangible assets of another entity by means of a transaction or a series of related transactions (including, without limitation, any reorganization, merger or consolidation) with a transaction value individually or in the aggregate in excess of $500,000, unless such acquisition was included in a capital expenditure budget previously approved by the Board of Directors of the Company (including the approval of each Preferred Director).

2.8 Real Property Holding Company. The Company shall provide prompt notice to NEA following any "determination date" (as defined in Treasury Regulation Section 1.897-2(c)(1)) on which the Company becomes a United States real property holding corporation. In addition, upon a written request by NEA, the Company shall provide NEA with a written statement informing NEA whether NEA's interest in the Company constitutes a United States real property interest. The Company's determination shall comply with the requirements of Treasury Regulation Section 1.897-2(h)(1) or any successor regulation, and the Company shall provide timely notice to the Internal Revenue Service, in accordance with and to the extent

required by Treasury Regulation Section 1.897-2(h)(2) or any successor regulation, that such statement has been made. The Company's written statement to NEA shall be delivered to NEA within 10 days of NEA's written request therefor. The Company's obligation to furnish such written statement shall continue notwithstanding the fact that a class of the Company's stock may be regularly traded on an established securities market or the fact that there is no preferred stock then outstanding.

2.9 Insurance. The Company shall use all commercially reasonable efforts to increase its D&O liability policy coverage and employee practices liability coverage to at least $5,000,000, respectively, immediately prior to an Initial Public Offering. The Company shall, as soon as practicable following the date hereof, obtain directors and officers liability insurance on terms and limits reasonably satisfactory to the Board of Directors.

2.10 Board Expenses. Upon request, and subject to the Company's policy for reimbursement of expenses, the Company shall promptly reimburse in full, each non-employee director of the Company for all of his or her reasonable out-of-pocket expenses incurred related to attending meetings of the Company's Board of Directors or any committee thereof.

2.11 Related Party Relationship Notification. The Company agrees to notify the Board of Directors prior to employing, engaging as a consultant or independent contractor or otherwise entering into a business relationship with any member of an officer or director's immediate family.

2.12 Confidentiality. Each Holder acknowledges that the information received by them pursuant to this Agreement may be confidential and for its use only, and it will not use such confidential information in violation of the Act or reproduce, disclose or disseminate such information to any other person, except in connection with the exercise of rights under this Agreement; provided, however, that a Holder may disclose confidential information (x) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (y) to any affiliate, partner, limited partner, member, auditor, stockholder or wholly owned subsidiary of such Holder in the ordinary course of business or if the recipient is bound by confidentiality obligations with respect to such confidential information, or (z) as may otherwise be required by law. Confidential information for purposes of this Section 2.12 shall not include information, technical data or know-how that: (i) is rightfully in the Holder's possession at the time of disclosure as shown by the Holder's files and records immediately prior to the time of disclosure; (ii) before or after it has been disclosed to the Holder, is or becomes part of the public knowledge or literature, not as a result of any action or inaction of the Holder; (iii) is approved for release by written authorization of the Company; or (iv) is rightfully disclosed to the Holder by a third party that is not bound by obligations of confidentiality.

2.13 Termination of Certain Covenants. The covenants set forth in this Sections 2.1 through Section 2.11 shall terminate and be of no further force or effect upon the consummation of a Qualified Public Offering, at such time as the Company is required to file reports pursuant to Section 13 or 15(d) of the 1934 Act or upon a Liquidation Event (as defined in the Restated Certificate).

3. Miscellaneous.

3.1 Additional Series B Investors. Upon the sale of Additional Series B Shares to Additional Series B Investors in accordance with the Series B Purchase Agreement, the Company, without prior action on the part of any Investor, shall require each Additional Series B Investor to execute and deliver this Agreement. Each such Additional Series B Investor, upon execution and delivery of this Agreement by the Company and such Additional Series B Investor, shall be deemed an Investor hereunder.

3.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.3 Governing Law; Venue. This Agreement is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. All disputes and controversies arising out of or in connection with this Agreement shall be resolved exclusively by the state and federal courts located in Santa Clara County in the State of California and each party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

3.4 Counterparts. This Agreement may be executed in two or more counterparts (including by facsimile, .pdf or other electronic copy), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.6 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile to the number set forth below if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day, or on the next business day if sent by facsimile to the number set forth below if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day; (c) when sent by electronic mail to the electronic mail address set forth below, if any, if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day, or on the next business day if sent by electronic mail to the electronic mail address set forth below, if any, if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day; (d) three business days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other party at the address set forth below; or (e) the next business day after deposit with a national overnight delivery

service, postage prepaid, addressed to the parties as set forth below with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 3.6 by giving the other party written notice of the new address in the manner set forth above.

3.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.8 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of two-thirds of the Registrable Securities then outstanding; provided, however, that: (i) Section 2.1, Section 2.2 and Section 2.3 shall not be amended or waived without the written consent of the holders of a majority of the then outstanding Registrable Securities held by the Major Investors; (ii) Section 2.4 shall not be amended to remove or alter the observer rights of (a) NEA, so long as it holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by it pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis), (b) CMEA, so long as it holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by it pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis), (c) Schultz, so long as he holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by him pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis), and (d) Frechet, so long as he holds at least twenty-five percent (25%) of the aggregate number of shares of Preferred Stock acquired by him pursuant to the Prior Purchase Agreement and the Series B Purchase Agreement (on an as-converted to Common Stock basis) unless NEA, CMEA, Schutlz, and Frechet, as applicable, consent in writing to such removal or alteration; and (iii) each Founder who is then employed by the Company or otherwise engaged as a consultant, director or other service provider of the Company shall consent in writing to any amendment that adversely affects such Founder. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities and the Company.

3.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.10 Aggregation of Stock. All shares of Registrable Securities held or acquired by entities advised by the same investment adviser and affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.11 Prior Agreement. The Prior Agreement is hereby amended and restated in its entirety to read as set forth in this Agreement and the Prior Agreement shall have no further force or effect.

3.12 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

(Signature page follows)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

ARDELYX, INC.

By: /s/ Michael Raab
Name: Michael Raab
Title: Chief Executive Officer

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

FOUNDER:

DOMINIQUE CHARMOT

/s/ Dominique Charmot

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

FOUNDER AND INVESTOR:

JEAN FRECHET

/s/ Jean Frechet

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

INVESTOR:

NEW ENTERPRISE ASSOCIATES 12, LIMITED PARTNERSHIP

By: NEA Partners 12, Limited Partnership, its general partner

By: NEA 12 GP, LLC, its general partner

By: /s/ Louis Citron
Name: Louis Citron
Title: Chief Legal Officer

NEW VENTURES 2008, LIMITED PARTNERSHIP

By: /s/ Louis Citron
Name: Louis Citron
Title: Vice President

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

INVESTOR:

CMEA VENTURES VII, L.P.
By: CMEA Ventures VII GP, L.P., Its General Partner
By: CMEA Ventures VII GP, LLC, Its General Partner

By: /s/ David J. Collier
Name: David J. Collier, M.D.
Title: General Partner

CMEA VENTURES VII (PARALLEL), L.P.

By: CMEA Ventures VII GP, L.P., Its General Partner
By: CMEA Ventures VII GP, LLC, Its General Partner

By: /s/ David J. Collier
Name: David J. Collier, M.D.
Title: General Partner

INVESTOR:

PETER SCHULTZ

/s/ Peter Schultz

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

INVESTOR:

ISY GOLDWASSER

/s/ Isy Goldwasser

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

INVESTOR:

ABBOTT INVESTMENT COMPANY, LLC

By: /s/ James C. Gilstrap
Name: James C. Gilstrap
Title: Manager

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

INVESTOR:

STEPHENS, INC. FBO JAMES C. GILSTRAP IRA

By: /s/ James C. Gilstrap
Name: James C. Gilstrap
Title:

STEPHENS, INC.

By: /s/ Bob Egandoerfer
Name: Bob Egandoerfer
Title: Operations Manager

SIGNATURE PAGE TO
INVESTORS' RIGHTS AGREEMENT

SCHEDULE A

SCHEDULE OF INVESTORS

Investor Name

New Enterprise Associates 12, Limited Partnership

New Ventures 2008, Limited Partnership

CMEA Ventures VII, L.P.

CMEA Ventures VII (Parallel), L.P.

Peter Schultz

Jean Frechet

Isy Goldwasser

The Walters Group

Abbott Investment Company, LLC

Stephens, Inc. FBO James C. Gilstrap IRA

Edward J. and Maria E. Quirk Revocable Trust, Edward J. Quirk Trustee

RSN Enterprises

Peter Dervan

Amgen Ventures, LLC

SCHEDULE B

SCHEDULE OF FOUNDERS

Founder Name	Number of Shares of Common Stock
Dominique Charmot	1,990,125
Jean Frechet	825,000

Exhibit 10.4A

LEASE

by and between

34175 ARDENWOOD VENTURE, LLC,
a Delaware limited liability company

and

NTERYX, INC.,
a Delaware corporation

LEASE

THIS LEASE (this "Lease") is entered into as of this 8th day of August, 2008 (the "Execution Date"), by and between 34175 ARDENWOOD VENTURE, LLC, a Delaware limited liability company ("Landlord"), and NTERYX, INC., a Delaware corporation ("Tenant").

RECITALS

A. WHEREAS, Landlord owns certain real property (the "Property") and the improvements thereon located at 34175 Ardenwood Boulevard in Fremont, California, including the building located thereon (the "Building") in which the Premises (as defined below) are located; and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, certain premises (the "Premises") located in the Building, pursuant to the terms and conditions of this Lease, as detailed below.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as shown on Exhibits A-1 and A-2 attached hereto for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities and other improvements and appurtenances related thereto, including, without limitation, the Building, are hereinafter collectively referred to as the "Project." All portions of the Project that are for the non-exclusive use of tenants of the Building, including, without limitation, driveways, sidewalks, parking areas, landscaped areas, service corridors, stairways, elevators, public restrooms and public lobbies, are hereinafter referred to as "Common Area."

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the date of execution and delivery hereof by all parties hereto and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto; provided, however, and notwithstanding the provisions of Article 3, Tenant's repair obligations under Section 19.2 with respect to the Property shall not commence until the earlier of (a) the Term Commencement Date and (b) the date that Tenant occupies the Premises.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in rentable square footage. Rentable Area and Tenant's Pro Rata Share (as defined below) are all subject to adjustment as provided in this Lease.

Definition or Provision	Means the Following (As of the Term Commencement Date)
Rentable Area of Premises	27,620 square feet
Rentable Area of Building	72,500 square feet
Tenant's Pro Rata Share of Building	38.10%

2.3. Tenant's Op Ex Share (as defined below):

Months	Rentable S.F.	Tenant's Op Ex Share
1-6	12,000	16.55%
7-12	15,000	20.69%
13-24	20,000	27.59%
25-36	24,000	33.10%
37-60	27,620	38.10%

2.4. Initial monthly and annual installments of Base Rent for the Premises ("Base Rent") as of the Term Commencement Date:

Months	Rentable S.F.	Per Rentable S.F.	Total Monthly	Total Annual
1-6	12,000	$2.30 monthly	$27,600	$331,200
7-12	15,000	$2.30 monthly	$34,500	$414,000
13-24	20,000	$2.40 monthly	$48,000	$576,000
25-36	24,000	$2.65 monthly	$63,600	$763,200
37-48	27,620	$2.80 monthly	$77,336	$928,032
49-60	27,620	$2.90 monthly	$80,098	$961,176

2.5. (a) Estimated Term Commencement Date for the Phase 1 Premises: September 7, 2008

(b) Estimated Term Commencement Date for the Phase 2 Premises: December 10, 2008

2.6. Estimated Term Expiration Date: September 6, 2013

2.7. Security Deposit: $80,098

2.8. Permitted Use: General office, research and development, engineering, rodent and rodent-sized mammal vivarium, pilot manufacturing and laboratory use, and related uses in conformity with Applicable Laws (as defined below)

2.9. Address for Rent Payment: 34175 Ardenwood Venture, LLC
P.O. Box 511229
Los Angeles, California 90051-2997

2.10. Address for Notices to Landlord:

34175 Ardenwood Venture, LLC
17190 Bernardo Center Drive
San Diego, California 92128
Attn: General Counsel/Real Estate

With a copy to:

Tarlton Properties, Inc.
955 Alma Street
Palo Alto, California 94301

2.11. Address for Notices to Tenant:

Before the Term Commencement Date:

560 S. Winchester Blvd.
San Jose, California 95128
Attn: Vice President - Finance

After the Term Commencement Date:

The Premises
Attn: Vice President - Finance

2.12. The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit A-1	Phase 1 Premises
Exhibit A-2	Phase 2 Premises
Exhibit B	Work Letter
Exhibit C-1	Acknowledgement of Phase 1 Term Commencement Date and Term Expiration Date
Exhibit C-2	Acknowledgement of Phase 2 Term Commencement Date
Exhibit D	Form of Additional TI Allowance Acceptance Letter
Exhibit E	Form of Letter of Credit
Exhibit F	Rules and Regulations
Exhibit G-1	Phase l Tenant Improvements
Exhibit G-2	Phase 2 Tenant Improvements
Exhibit G-3	Landlord Work
Exhibit H	Signage
Exhibit I	Tenant's Personal Property
Exhibit J	Form of Estoppel Certificate
Exhibit K	Landlord's Personal Property

3. Term. The actual term of this Lease shall be sixty (60) months (the "Term"), starting on the actual Term Commencement Date (as defined in Section 4.2) and ending on the Term Expiration Date, subject to earlier termination of this Lease as provided herein.

4. Possession and Commencement Date.

4.1. Landlord shall use commercially reasonable efforts to tender possession of (a) the portion of the Premises depicted on Exhibit A-1 attached hereto (such portion of the Premises, the "Phase 1 Premises") to Tenant on the Estimated Term Commencement Date for the Phase 1 Premises with the work described on Exhibit G-1 attached hereto (the "Phase 1 Tenant Improvements") Substantially Complete (as defined below) and (b) the remainder of the Premises as depicted on Exhibit A-2 attached hereto (such portion of the Premises, the "Phase 2 Premises") on the Estimated Term Commencement Date for the Phase 2 Premises, with the work described on Exhibit G-2 attached hereto (the "Phase 2 Tenant Improvements" and, collectively with the Phase 1 Tenant Improvements, the "Tenant Improvements") and the work described in Exhibit G-3 attached hereto (the "Landlord Work") Substantially Complete. Tenant agrees that in the event such work is not Substantially Complete on or before such dates for any reason, then (w) this Lease shall not be void or voidable, (x) Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, (y) the Term Expiration Date shall be extended accordingly (with respect to a delay in the Term Commencement Date for the Phase 1 Premises only) and (z) Tenant shall not be responsible for the payment of any Base Rent or Operating Expenses (as each term is defined below) until the actual Term Commencement Date as described in Section 4.2 occurs. The term "Substantially Complete" or "Substantial Completion" means that the respective Tenant Improvements are substantially complete in accordance with the Approved Plans (as defined in the Work Letter attached as Exhibit B hereto (the "Work Letter")), except for minor punch list items that do not materially interfere with Tenant's use of the respective Premises for the Permitted Use and, as to the Phase 2 Tenant Improvements and Landlord Work only, Landlord has obtained all approvals and permits from the appropriate Governmental Authorities (as defined below) required for legal occupancy of the Premises for the Permitted Use. Notwithstanding anything in this Lease (including the Work Letter) to the contrary, Landlord's obligation to timely achieve Substantial Completion shall be subject to extension on a day-for-day basis as a result of accident; breakage; repair; strike, lockout or other labor disturbance or labor dispute of any character; act of terrorism; shortage of materials, which shortage is not unique to Landlord or Tenant, as the case may be; governmental regulation, moratorium or other governmental action, inaction or delay; or Landlord's inability, despite the exercise of reasonable diligence or by any other cause, including Landlord's negligence, to furnish any such utility or service (collectively, "Force Majeure").

4.2. The "Term Commencement Date" (a) with respect to the Phase 1 Premises shall be the date on which Landlord tenders possession of the Phase 1 Premises to Tenant with the Phase 1 Tenant Improvements Substantially Complete, and (b) with respect to the remainder of the Premises shall be the date on which Landlord tenders possession of the Phase 2 Premises to Tenant with the Phase 2 Tenant Improvements and Landlord Work Substantially Complete. If possession is delayed by action of Tenant ("Tenant Delay"), then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such Tenant Delay; provided that Landlord shall notify Tenant in writing of any actual Tenant Delay promptly after Landlord becomes aware of such Tenant Delay. Tenant shall execute and deliver to Landlord written acknowledgment of the actual Term Commencement Date with respect to the applicable Premises and the Term Expiration Date within ten (10) days after Tenant takes occupancy of the respective Premises, in the forms attached as Exhibit C-1 and C-2 hereto. Failure to execute and deliver such acknowledgments, however, shall not affect the Term

Commencement Date or Landlord's or Tenant's liability hereunder. Failure by Tenant to obtain validation by any medical review board or other similar governmental licensing of the Premises required for the Permitted Use by Tenant shall not serve to extend the Term Commencement Date. Notwithstanding the foregoing, if the respective Term Commencement Date has not occurred for any reason (excluding Tenant Delay and Force Majeure (with Force Majeure not to exceed thirty (30) days)) on or before the date that is (y) fourteen (14) days after the respective Estimated Term Commencement Date, then, in addition to Tenant's other rights or remedies, Tenant shall be entitled to abatement of Base Rent and Operating Expenses for the Phase 1 Premises or Phase 2 Premises, as applicable, for one (1) day for each one (1) day that the respective Term Commencement Date is delayed beyond such date (provided that, notwithstanding the foregoing, with respect to this Subsection 4.2(y) only, Landlord shall not receive a delay in the commencement of its rent abatement obligation with respect to the Phase 2 Premises only due to Force Majeure); or (z) forty-four (44) days after the Estimated Term Commencement Date (with respect to the Phase 1 Premises) or fifty-nine (59) days after the Estimated Term Commencement Date (with respect to the Phase 2 Premises), then Tenant may terminate this Lease by written notice to Landlord delivered no later than two (2) business days following such respective dates effective as of Landlord's receipt of such notice, whereupon any monies previously paid by Tenant to Landlord (less any amounts owed by Tenant for breaches of this Lease) shall be reimbursed to Tenant.

4.3. Landlord shall permit Tenant to enter upon the Premises prior to the respective Term Commencement Date solely for the purpose of installing improvements or the placement of personal property. Tenant shall furnish to Landlord evidence satisfactory to Landlord that insurance coverages required of Tenant under the provisions of Article 24 are in effect, and such entry shall be subject to all the terms and conditions of this Lease other than the payment of Base Rent or Tenant's Op Ex Share of Operating Expenses (as each term is defined below); and provided, further, that if the Term Commencement Date is delayed due to such early access, then such delay shall constitute a Tenant Delay and the applicable Term Commencement Date shall be the date that such Term Commencement Date would have occurred but for such delay; provided that Landlord shall notify Tenant in writing of any actual Tenant Delay promptly after Landlord becomes aware of such Tenant Delay. Tenant shall promptly repair any damage it causes to the Premises during such early entry period.

4.4. Landlord shall cause to be constructed the tenant improvements in the Premises (the "Tenant Improvements") pursuant to the Work Letter. Tenant shall be responsible for the cost of the Tenant Improvements as reflected in the Initial Budget (as defined in the Work Letter) plus any costs arising from Tenant Delay (including Tenant's failure to timely respond to requests as outlined in the Lease (including the Work Letter)) or from Changes (as defined in the Work Letter) requested by Tenant; provided, however, that Tenant may pay such costs out of a Tenant Improvement allowance of (a) One Million Four Hundred Thirty-Six Thousand Two Hundred Forty Dollars ($1,436,240) (based upon Fifty-Two Dollars ($52) per rentable square foot) (the "Base TI Allowance") plus (b) if properly requested by Tenant pursuant to this Section 4.4, Six Hundred Ninety Thousand Five Hundred Dollars ($690,500) (based upon Twenty-Five Dollars ($25) per rentable square foot) (the "Additional TI Allowance"), for a total of Two Million One Hundred Twenty-Six Thousand Seven Hundred Forty Dollars ($2,126,740) (based upon Seventy-Seven Dollars ($77) per rentable square foot). The Base TI Allowance, together with Additional TI Allowance (if properly requested by Tenant pursuant to this

Article 4), shall be referred to herein as the "TI Allowance." The TI Allowance may be applied to the costs of (n) construction, (o) project management by Landlord (which fee shall equal five percent (5%) of the cost of the Tenant Improvements, including the Base TI Allowance and, if used by Tenant, the Additional TI Allowance), (p) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (q) building permits and other taxes, fees, charges and levies by Governmental Authorities (as defined below) for permits or for inspections of the Tenant Improvements, and (r) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (w) payments to Tenant or any affiliates of Tenant, (x) the purchase of any furniture, personal property or other non-building system equipment, (y) costs resulting from any default by Tenant of its obligations under this Lease or (z) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors). Notwithstanding anything to the contrary in this Lease or the Work Letter, except for Changes requested by Tenant (that shall be performed for an amount not to exceed the "not to exceed" price provided by Landlord to Tenant at the time Landlord approves such Change) and costs due to Tenant Delays, Landlord shall be solely responsible, and Tenant shall not be responsible, for any costs to construct the Tenant Improvements (to the extent specifically described in Exhibits G-1 and G-2) in excess of the Base T1 Allowance. Landlord shall perform the Landlord Work at Landlord's sole cost.

4.5. Base Rent shall be increased to include the amount of the Additional TI Allowance disbursed by Landlord in accordance with this Lease amortized over seven (7) years at a rate of nine and one-half percent (9.5%), which amount shall be increased on each annual anniversary of the Term Commencement Date for the Phase 1 Premises by the percentage by which the Base Rent in Section 2.4 increases on such date. Tenant shall have until June 30, 2010 (the "TI Deadline"), to expend the unused portion of the TI Allowance, after which date Landlord's obligation to fund such costs shall expire. The amount by which Base Rent shall be increased shall be determined (and Base Rent shall be increased accordingly) as of the Term Commencement Date and, if such determination does not reflect use by Tenant of all of the Additional TI Allowance, shall be determined again as of each subsequent disbursal date, with the amortization period for each such disbursal after the TI Deadline equal to the difference between seven (7) years and the amount of time that has elapsed between the Term Commencement Date and such disbursal date.

4.6. Landlord shall not be obligated to expend any portion of the Additional TI Allowance until Landlord shall have received from Tenant a letter in the form attached as Exhibit D hereto executed by an authorized officer of Tenant.

5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it is fully familiar with the condition of the Premises and agrees to take the same in its condition "as is" as of the Term Commencement Date and (b) except as expressly set forth in Section 17.7, Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's occupancy or to pay for or construct any improvements to the Premises, other than with regard to (y) the base building infrastructure (including the roof and Building systems) shall be in good working order and repair as of the Term Commencement Date and for sixty (60) days thereafter at Landlord's

sole cost and not as an Operating Expense, and (z) the Landlord Work and the Tenant Improvements. Tenant's taking of possession of the Premises shall, except as otherwise agreed to in writing by Landlord and Tenant, or with respect to Landlord's express obligations in this Article 5 or Section 4.10 of the Work Letter, conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair. Notwithstanding the foregoing, Landlord shall deliver the Premises to Tenant in compliance with Applicable Laws.

6. [Intentionally omitted]

7. Rentable Area.

7.1. The term "Rentable Area" shall reflect such areas as reasonably calculated by Landlord's architect, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord's architect to reflect changes to the Premises or Building, as applicable. The "Rentable Area" of the Premises and Building are currently deemed to be the amounts set forth in Section 2.2.

7.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items' enclosing walls.

7.3. The term "Rentable Area," when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including, but not limited to, that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

8. Rent.

8.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Term Commencement Date, the sums set forth in Section 2.4. Base Rent shall be paid in equal monthly installments as set forth in Section 2.4, each in advance on the first day of each and every calendar month during the Term.

8.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("Additional Rent") at times hereinafter specified in this Lease (a) "Tenant's Op Ex Share," as set forth in Section 2.3, of Operating Expenses (as defined below) and (b) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including, without limitation, any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods. For the sake of clarity, Tenant's Op Ex Share of Operating Expenses includes such share of Common Area expenses plus one hundred percent (100%) of the cost of Operating Expenses for the Premises.

8.3. Base Rent and Additional Rent shall together be denominated "Rent." Rent shall be paid to Landlord, without abatement, deduction or offset (except as expressly provided in this Lease), in lawful money of the United States of America at the office of Landlord as set forth in Section 2.9 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in that month and shall be paid at the then-current rate for such fractional month.

9. [Intentionally omitted]

10. Operating Expenses.

10.1. As used herein, the term "Operating Expenses" shall include:

(a) Government impositions including, without limitation, property tax costs consisting of real and personal property taxes and assessments, including amounts due under any improvement bond upon the Building or the Project, including the parcel or parcels of real property upon which the Building and areas serving the Building are located or assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority") are levied; taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any parking charges, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from Applicable Laws (as defined below) or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project or the parking facilities serving the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a result of an application for review thereof. Operating Expenses shall not include any net income, franchise, capital stock, estate or inheritance taxes, or taxes that are the personal obligation of Tenant or of another tenant of the Project. In addition, Operating Expenses shall not include and Tenant shall not be required to pay any portion of any tax or assessment expense or any increase therein (i) levied on Landlord's rental income, unless such tax or assessment is imposed in lieu of real property taxes, (ii) in excess of the amount that would be payable if such tax or assessment were paid in installments over the longest permitted term or (iii) imposed on land and improvements other than the Project; and

(b) All other costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project including, by way of example and not of limitation, costs of repairs and replacements to improvements within the Project as appropriate to maintain the Project as required hereunder, including costs of utilities furnished to the Common Areas; sewer fees; cable television; trash collection; cleaning, including windows;

heating; ventilation; air-conditioning; maintenance of landscaping and grounds; maintenance of drives and parking areas; maintenance of the roof; security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Project or Building systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the Project; costs of furniture, draperies, carpeting, landscaping and other customary and ordinary items of personal property provided by Landlord for use in Common Areas or in the Project office; capital expenditures; costs of complying with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities, committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Property, the Project, the Building, the Premises, Landlord or Tenant, including both statutory and common law and hazard waste rules and regulations ("Applicable Laws"); insurance premiums, including premiums for public liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies (subject to Section 25.1); service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with the day-to-day operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives and parking areas, including, without limitation, janitors and floor waxers (for the Common Areas), window washers, watchmen, gardeners, sweepers and handymen.

Notwithstanding the foregoing, Operating Expenses shall not include any leasing commissions; expenses that relate to preparation of rental space for a tenant; expenses of initial development and construction, including, but not limited to, grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); legal expenses relating to other tenants; costs of repairs to the extent reimbursed by payment of insurance proceeds received by Landlord; interest upon loans to Landlord or secured by a mortgage or deed of trust covering the Project or a portion thereof (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 10.1(a)); salaries of executive officers of Landlord; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements in regard thereto that are provided for in this Lease); taxes that are excluded from Operating Expenses by the last two (2) sentences of Section 10.1(a); costs occasioned by the gross negligence or willful misconduct of Landlord or its agents, employees or contractors; costs caused by casualties or condemnation; costs to cure code violations that existed on the Term Commencement Date; costs incurred in connection with the presence of any Hazardous Material at the Property (other than the Premises), except to the extent caused by the release or emission of the Hazardous Material in question or a violation of Applicable Laws or a breach of this Lease by Tenant; costs incurred in connection with the presence of Hazardous Materials in the Premises as described in Subsections 22.1(b)(i) and (ii); expense reserves; costs of structural repairs to the Building; and costs that would properly be capitalized under generally accepted accounting principles ("GAAP"), except to the extent amortized over the useful life of the capital

item in question. To the extent that Tenant uses more than Tenant's pro rata share ("Tenant's Pro Rata Share") of any item of Operating Expenses, Tenant shall pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Op Ex Share of Operating Expenses.

10.2. Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below) and (b) Landlord's estimate of Tenant's Op Ex Share of Operating Expenses with respect to the Building and the Project, as applicable, for such month.

(x) The "Property Management Fee" shall equal three percent (3%) of the Base Rent due from Tenant; provided, however, that the Property Management Fee shall not apply to reimbursements made by Tenant to Landlord for Tenant's use of utilities.

(y) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses and Tenant's Op Ex Share of Operating Expenses for the previous calendar year. Any additional sum due from Tenant to Landlord shall be due and payable within thirty (30) days after Tenant's receipt of such statement. If the amounts paid by Tenant pursuant to this Section 10.2 exceed Tenant's Op Ex Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany said statement with payment for the amount of such difference.

(z) Any amount due under this Section 10.2 for any period that is less than a full month shall be prorated (based on the actual number of days in the month) for such fractional month.

10.3. Landlord's annual statement shall be final and binding upon Tenant unless Tenant, within sixty (60) days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reasons therefor. If, during such sixty (60) period, Tenant reasonably and in good faith questions or contests the correctness of Landlord's statement of Tenant's Op Ex Share of Operating Expenses, Landlord shall provide Tenant with reasonable access to Landlord's books and records to the extent relevant to determination of Operating Expenses, and such information as Landlord reasonably determines to be responsive to Tenant's written inquiries. In the event that, after Tenant's review of such information, Landlord and Tenant cannot agree upon the amount of Tenant's Op Ex Share of Operating Expenses, then Tenant shall have the right to have an independent public accounting firm hired by Tenant on an hourly basis and not on a contingent-fee basis (at Tenant's sole cost and expense) and approved by Landlord (which approval Landlord shall not unreasonably withhold or delay) audit and review such of Landlord's books and records for the year in question as directly relate to the determination of Operating Expenses for such year (the "Independent Review"). Landlord shall make such books and records available at the location where Landlord maintains them in the ordinary course of its business. Landlord need not provide copies of any books or records. Tenant shall commence the Independent Review within fifteen (15) days after the date Landlord has given Tenant access to Landlord's books and records for the Independent Review. Tenant shall complete the Independent Review and notify

Landlord in writing of Tenant's specific objections to Landlord's calculation of Operating Expenses (including Tenant's accounting firm's written statement of the basis, nature and amount of each proposed adjustment) no later than sixty (60) days after Landlord has first given Tenant access to Landlord's books and records for the Independent Review. Landlord shall review the results of any such Independent Review. The parties shall endeavor to agree promptly and reasonably upon Operating Expenses taking into account the results of such Independent Review. If, as of sixty (60) days after Tenant has submitted the Independent Review to Landlord, the parties have not agreed on the appropriate adjustments to Operating Expenses, then the parties shall engage a mutually agreeable independent third party accountant with at least ten (10) years' experience in commercial real estate accounting in the San Francisco Bay Area (the "Accountant"). If the parties cannot agree on the Accountant, each shall within ten (10) days after such impasse appoint an Accountant (different from the accountant and accounting firm that conducted the Independent Review) and, within ten (10) days after the appointment of both such Accountants, those two Accountants shall select a third (which cannot be the accountant and accounting firm that conducted the Independent Review). If either party fails to timely appoint an Accountant, then the Accountant the other party appoints shall be the sole Accountant. Within ten (10) days after appointment of the Accountant(s), Landlord and Tenant shall each simultaneously give the Accountants (with a copy to the other party) its determination of Operating Expenses, with such supporting data or information as each submitting party determines appropriate. Within ten (10) days after such submissions, the Accountants shall by majority vote select either Landlord's or Tenant's determination of Operating Expenses. The Accountants may not select or designate any other determination of Operating Expenses. The determination of the Accountant(s) shall bind the parties. If the parties agree or the Accountant(s) determine that Tenant's Op Ex Share of Operating Expenses actually paid for the calendar year in question exceeded Tenant's obligations for such calendar year, then Landlord shall, at Tenant's option, either (a) credit the excess to the next succeeding installments of Rent or (b) pay the excess to Tenant within thirty (30) days after delivery of such results; and if such excess was more than five percent (5%) of Tenant's Pro Rata Share of Operating Expenses, Landlord shall pay all of the costs of the Independent Review and the Accountants. If the parties agree or the Accountant(s) determine that Tenant's payments of Tenant's Op Ex Share of Operating Expenses for such calendar year were less than Tenant's obligation for the calendar year, then Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such results.

10.4. Tenant shall not be responsible for Operating Expenses attributable to the time period prior to the Term Commencement Date; and if Landlord shall permit Tenant to enter the Premises prior to the Term Commencement Date, Tenant shall not be responsible for Operating Expenses from such earlier date of possession. Tenant's responsibility for Tenant's Op Ex Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises or (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant.

10.5. Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

10.6. Within six (6) business days after the end of each calendar month, Tenant shall submit to Landlord an invoice, or, in the event an invoice is not available, an itemized list, of all costs and expenses that (a) Tenant has incurred (either internally or by employing third parties) during the prior month and (b) for which Tenant reasonably believes it is entitled to reimbursements from Landlord pursuant to the terms of this Lease.

11. Taxes on Tenant's Property.

11.1. Tenant shall pay prior to delinquency any and all taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises.

11.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building or the Property is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed valued of the Building or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord.

11.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 11.2. Any such excess assessed valuation due to improvements in or alterations to space in the Building leased by other tenants of Landlord shall not be included in the Operating Expenses defined in Article 10, but shall be treated, as to such other tenants, as provided in this Section 11.3. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether said Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

12. Security Deposit.

12.1. Tenant has deposited with Landlord the sum set forth in Section 2.7 (the "Security Deposit"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the period commencing on the Execution Date and ending upon the expiration or termination of this Lease. If Tenant Defaults with respect to any provision of this Lease, including, but not limited to, any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security

Deposit is so used or applied, then Tenant shall, within ten (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. The provisions of this Article 12 shall survive the expiration or earlier termination of this Lease. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE USES TO WHICH SECURITY DEPOSITS MAY BE APPLIED PURSUANT TO THIS LEASE AND SUCH SECTION, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

12.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings.

12.3. Landlord may deliver to any purchaser of Landlord's interest in the Premises the funds deposited hereunder by Tenant; and thereupon Landlord shall be discharged from any further liability with respect to such deposit. This provision shall also apply to any subsequent transfers.

12.4. Provided Tenant has surrendered the Premises to Landlord, the Security Deposit, or any balance thereof (after Landlord has made appropriate deductions, if any, to restore the condition of the Premises to that required by the Lease and to cure any other defaults by Tenant under the Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease.

12.5. [Intentionally omitted]

12.6. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit in an account at a banking organization selected by Landlord; provided, however, that Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest for any period during which Landlord does not receive interest on the Security Deposit.

12.7. The Security Deposit may be in the form of cash, a letter of credit or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except during Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows.

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term, a letter of credit in the form of Exhibit E issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. If, at the Term Expiration Date, any Rent remains uncalculated or unpaid, then: (i) Landlord shall with reasonable diligence complete any necessary calculations; (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires, but no longer than ninety (90) days; and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an

appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's legal costs (as estimated by Landlord's counsel) in handling Landlord's acceptance of L/C Security or its replacement or extension, not to exceed Five Hundred Dollars ($500) per occurrence.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held. Tenant may at any time replace the L/C Security with a cash Security Deposit, at which time Landlord shall return the L/C Security to Tenant.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if: (i) an uncured Default (as defined below) exists; (ii) as of the date thirty (30) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) Tenant has not delivered to Landlord an amendment or replacement for such L/C Security, reasonably satisfactory to Landlord, extending the expiry date to the earlier of (1) six (6) months after the then-current Term Expiration Date or (2) the date one year after the then-current expiry date of the L/C Security; (iii) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security; or (iv) provided the issuer will not accept draw requests by overnight courier, the issuer of the L/C Security ceases, or announces that it will cease, to maintain an office within twenty (20) miles of the city where Landlord may present drafts under the L/C Security. This paragraph does not limit any other provisions of this Lease allowing Landlord to draw the L/C Security under specified circumstances.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Tenant acknowledges that the only effect of a wrongful draw would be to substitute a cash Security Deposit for L/C Security, causing Tenant no legally recognizable damage. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous.

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) Business Days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

13. Use.

13.1. Tenant shall use the Premises only for the purpose set forth in Section 2.8, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

13.2. Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy issued for the Building, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof.

13.3. Tenant shall not do or permit to be done anything that will invalidate or increase the cost (unless Tenant promptly pays such increase) of any fire, environmental, extended coverage or any other insurance policy covering the Building and the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article 13.

13.4. Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.

13.5. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord's prior written consent; provided, however, subject to Landlord's consent as to the details thereof, which consent shall not be unreasonably withheld or delayed, Tenant shall be permitted to modify or add to the current security system and master key system for the Premises; provided that Landlord shall continue to have access to the Premises consistent with Landlord's rights under this Lease. Tenant shall, upon termination of this Lease, return to Landlord all keys to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

13.6. No awnings or other projections shall be attached to any outside wall of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord's standard window coverings without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, nor shall any bottles, parcels or other articles be placed on the windowsills.

13.7. No sign, advertisement or notice ("Signage") shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord's prior written consent. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Tenant's sole cost and expense, and shall be of a size, color and type and be located in a place acceptable to Landlord. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the

exterior of the corridor walls or corridor doors other than Landlord's standard lettering. Tenant shall have Signage rights for the Premises substantially consistent with the Signage permitted for other comparable Tenants in the Project, as Landlord reasonably determines. At Landlord's option, Landlord may install any such Signage, and Tenant shall pay all costs associated with such installation within five (5) days after demand therefor.

13.8. Tenant shall only place equipment within the Premises with floor loading consistent with the structural design of the Building without Landlord's prior written approval, and such equipment shall be placed in a location designed to carry the weight of such equipment. Tenant shall have the right to signage that is both (a) approved in advance by Landlord and (b) in compliance with Applicable Laws, including, without limitation, City of Fremont codes, including the signage described in Exhibit H.

13.9. Tenant shall cause any office equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations therefrom from extending into the Common Areas or other offices in the Building.

13.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Building or the Project, or injure or annoy them, (b) use or allow the Premises to be used for immoral, unlawful or objectionable purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Premises, the Building or the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment.

13.11. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq. (together with regulations promulgated pursuant thereto, the "ADA"), and Tenant shall indemnify, save, defend and hold Landlord harmless from and against any loss, cost, liability or expense (including reasonable attorneys' fees and disbursements) arising out of any failure of the Premises to comply with the ADA; provided, however, that Landlord shall perform alterations to the Premises required by a change in Applicable Laws (other than alterations necessitated by Tenant's particular use of the Premises, which Tenant shall complete at its sole cost and expense), which Tenant shall pay (a) as Operating Expenses (subject to the terms of Section 10.1), if such alterations are not confined to the Premises, or (b) to Landlord within thirty (30) days after receipt of an invoice therefor, if such alterations are confined to the Premises (provided that, in the case of Subsection 13.11(b), if such costs are for capital repairs or replacements to the Premises, they shall be amortized over the improvements' useful lives in accordance with GAAP); and provided that Tenant notifies Landlord in writing of the need for any such alterations. The provisions of this Section 13.11 shall survive the expiration or earlier termination of this Lease.

14. Rules and Regulations, CC&Rs, Parking Facilities and Common Areas.

14.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Areas, subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit F, together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its reasonable discretion (the "Rules and Regulations"). Tenant shall have the right to install certain equipment (including, without limitation, a satellite dish), which equipment and the location thereof shall be subject to Landlord's reasonable consent; provided that (a) any such equipment and the installation thereof shall (i) comply with any recorded covenants, conditions or restrictions on the Project or Property (the "CC&Rs"), (ii) not void any warranty on the roof and (iii) not be visible from the street and (b) any penetrations of the roof shall be done by a contractor selected by Landlord in its sole and absolute discretion. Tenant shall also have the right, at no additional cost, to use Tenant's Pro Rata Share of the fenced space behind the Building (including the bunkers) for storage of Hazardous Materials (as defined below), which use shall include the exclusive use of portions thereof, which Tenant shall secure at its sole cost and expense. Tenant shall faithfully observe and comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the violation or nonperformance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations.

14.2. This Lease is subject to any CC&Rs. Tenant shall comply with the CC&Rs.

14.3. Tenant shall have a non-exclusive, irrevocable license to use Tenant's Pro Rata Share of parking facilities (three and one-half (3.5) spaces per one thousand (1,000) rentable square feet of the Premises) serving the Building in common on an unreserved basis with other tenants of the Building and the Project during the Term at no cost (other than as part of Operating Expenses).

14.4. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

14.5. Subject to Section 15.1, Landlord reserves the right to reasonably modify the Common Areas, including the right to add or remove exterior and interior landscaping and to subdivide real property. Tenant acknowledges that Landlord specifically reserves the right to allow the exclusive use of corridors and restroom facilities located on specific floors to one or more tenants occupying such floors; provided, however, that Tenant shall not be deprived of the use of the corridors reasonably required to serve the Premises or of restroom facilities serving the floor upon which the Premises are located.

15. Project Control by Landlord.

15.1. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes, without limitation, Landlord's right to subdivide the Project, convert the Building to condominium units, grant easements and licenses to third parties, and maintain or

establish ownership of the Building separate from fee title to the Property. No exercise of such right shall materially interfere with the Permitted Use or materially increase Tenant's obligations or decrease its rights under this Lease.

15.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord.

15.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease.

15.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours if Tenant so requests), and upon one (1) business day's prior notice (provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (a) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (b) supply any service Landlord is required to provide hereunder, (c) show the Premises to prospective purchasers or tenants during the final year of the Term, (d) post notices of nonresponsibility, (e) access the telephone equipment, electrical substation and fire risers and (f) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary. In connection with any such alteration, improvement or repair as described in Subsection 15.4(f), Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section 15.4; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof. Any entry by Landlord and Landlord's agents shall not impair Tenant's operations more than reasonably necessary.

16. Quiet Enjoyment. So long as Tenant is not in Default under this Lease, Landlord or anyone acting through or under Landlord shall not disturb Tenant's occupancy of the Premises, except as permitted by this Lease.

17. Utilities and Services.

17.1. Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any governmental or third party fees, surcharges and taxes thereon. If any such utility is not separately metered to Tenant, Tenant shall pay a reasonable proportion (to be determined by Landlord) of all charges of such utility jointly metered with other premises as part

of Tenant's Op Ex Share of Operating Expenses or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent.

17.2. Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by Force Majeure. In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement of this Lease. If the Premises should become untenantable for the Permitted Use as a consequence of cessation of utilities for longer than seven (7) days due to Landlord's gross negligence or willful misconduct, then Tenant shall be entitled to an equitable abatement of Base Rent and Operating Expenses in proportion that the untenantable portion of the Premises bears to the entire Premises.

17.3. Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term.

17.4. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including, without limitation, data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water beyond the existing capacity of the Building as proportionately allocated to the Premises based upon Tenant's Pro Rata Share as usually furnished or supplied for the use set forth in Section 2.8 or (b) exceed Tenant's Pro Rata Share of the Building's capacity to provide such utilities or services; provided, however, that Tenant shall be permitted with Landlord's prior written consent to make any upgrades required to increase the capacity of any Building systems utilized solely by Tenant to the extent necessary to accommodate any such devices so long as Tenant otherwise complies with Applicable Laws the provisions of Article 18 below.

17.5. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

17.6. Utilities and services provided by Landlord to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utility or service.

17.7. Landlord shall provide water in Common Areas for lavatory purposes only; provided, however, that if Landlord determines that Tenant requires, uses or consumes water for any purpose other than the Permitted Use or uses a materially disproportionate amount of water compared to other tenants in the Building, Landlord may install a water meter and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of such meter and the installation thereof and, throughout the duration of Tenant's occupancy of the Premises, Tenant shall keep said meter and installation equipment in good working order and

repair at Tenant's sole cost and expense. If Tenant fails to so maintain such meter and equipment, Landlord may repair or replace the same and shall collect the costs therefor from Tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated, shall be deemed to be Additional Rent payment by Tenant and collectible by Landlord as such. If any other tenant in the Building uses a materially disproportionate amount of water compared to Tenant, then Tenant shall not be responsible for the cost of water used by such tenant that is materially disproportionate to Tenant's use. Landlord shall also provide to the Premises (a) water for laboratory and kitchen purposes and deionized water, compressed air and a vacuum line through the existing systems, (b) gas, electricity, telephone, trash pickup and sewer service through the existing systems and (c) emergency back-up generator service at the level provided by the generator currently located at the Building. Notwithstanding anything in this Lease to the contrary, (x) Landlord shall install, at its sole cost and expense (and not as an Operating Expense), separate meters or other devices to separately measure electricity delivered to the Premises prior to other tenants occupying the Building, (y) Landlord shall not be required to upgrade any Building systems except as may be expressly stated in Exhibits G-1, G-2 or G-3 and (z) until another tenant occupies the building, Tenant shall pay one hundred percent (100%) of any increase in the monthly cost of utilities to the Project that exceed the cost of utilities for the thirty (30) days immediately prior to the Execution Date (the "Base Utility Cost"); provided, however, until such time as another tenant occupies the Building, the Base Utility Cost shall be equitably increased on each anniversary of the Term Commencement Date based on the increases during such year in the applicable utility rates.

17.8. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and electric systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or electric service when prevented from doing so by Force Majeure or a failure by a third party to deliver gas, oil or another suitable fuel supply, or Landlord's inability by exercise of reasonable diligence to obtain gas, oil or another suitable fuel. Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure.

17.9. For the Premises, Landlord shall (a) maintain and operate the heating, ventilating and air conditioning systems used for the Permitted Use only ("HVAC") and (b) subject to clause (a) above, furnish HVAC as reasonably required (except as this Lease otherwise provides or as to any special requirements that arise from Tenant's particular use of the Premises) for reasonably comfortable occupancy of the Premises twenty-four (24) hours a day, 365 or 366 days a year. Notwithstanding anything to the contrary in this paragraph, subject to Section 17.2, Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services, provided that Landlord diligently endeavors to cure any such interruption or impairment.

18. Alterations.

18.1. Tenant shall make no alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation, or other work (whether major or minor) of any kind in, at, or serving the Premises ("Alterations") without Landlord's prior written approval, which approval Landlord shall not unreasonably withhold; provided, however, that in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, roof, foundation or core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, air conditioning, heating, electrical, security, life safety and power, then Landlord may withhold its approval with respect thereto in its sole and absolute discretion; provided, however, that Landlord shall not unreasonably withhold its consent to typical Alterations that affect the Building systems so long as such Alterations do not involve major changes to such systems. Tenant shall, in making any such Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall be in Landlord's reasonable discretion. In seeking Landlord's approval, Tenant shall provide Landlord, at least ten (10) days in advance of any proposed construction, with plans, specifications, bid proposals, work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request. Notwithstanding the foregoing, Tenant may construct non-structural Alterations in the Premises without Landlord's prior approval, if the cost of any such Alterations does not exceed Fifty Thousand Dollars ($50,000); provided, however, that Tenant shall notify Landlord in writing at least five (5) business days prior to commencing any such Alterations if the cost thereof exceeds Ten Thousand Dollars ($10,000) in any one instance or Fifty Thousand Dollars ($50,000) in any twelve (12) month period.

18.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

18.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any fire sprinkler system and fire water supply lines to remain fully operable at all times.

18.4. Any work performed on the Premises or the Building by Tenant or Tenant's contractors shall be done at such times and in such manner as Landlord may from time to time designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as-built" drawing print sets and electronic CADD files on disc (or files in such other current format in common use as Landlord reasonably approves or requires) showing any changes in the Premises.

18.5. Before commencing any work, Tenant shall give Landlord at least fourteen (14) days' prior written notice of the proposed commencement of such work.

18.6. All Alterations, attached equipment, decorations, fixtures, trade fixtures, additions and improvements, subject to Section 18.8, attached to or built into the Premises, made by either

of the Parties, including, without limitation, all floor and wall coverings, built-in cabinet work and paneling, sinks and related plumbing fixtures, built-in laboratory benches, exterior venting fume hoods and walk-in freezers and refrigerators, ductwork, conduits, electrical panels and circuits, shall (unless, prior to such construction or installation, Landlord elects otherwise) become the property of Landlord upon the expiration or earlier termination of the Term, and shall remain upon and be surrendered with the Premises as a part thereof. The Premises shall at all times remain the property of Landlord and shall be surrendered to Landlord upon the expiration or earlier termination of this Lease. Subject to Section 18.8, all Tenant Improvements, Alterations and Signage installed by or under Tenant shall be the property of Landlord.

18.7. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

18.8. Except with respect to those items paid for by Landlord, Tenant's trade fixtures, furniture, equipment and other personal property installed in and upon the Premises, including those items listed on Exhibit I attached hereto ("Tenant's Property"), shall at all times be and remain Tenant's property, including Tenant's process-related equipment that may be bolted to the floor or otherwise attached to the Premises but that can be removed without structural injury to the Premises or the Building. Landlord shall have no lien or other interest in any item of Tenant's Property. Subject to the foregoing, any Alterations performed by Tenant shall become the property of Landlord; provided, however, that, when Tenant submits plans for Alterations for Landlord's approval, if Tenant so requests in writing, Landlord shall be obligated to indicate whether Tenant shall be required to or may remove such Alterations upon the expiration or earlier termination of this Lease. If Tenant shall fail to remove any of its effects from the Premises prior to termination of this Lease, then Landlord may, at its option, remove the same in any manner permitted by Applicable Laws and store said effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of said personal property.

18.9. Notwithstanding any other provision of this Article 18 to the contrary, in no event shall Tenant remove any improvement from the Premises as to which Landlord contributed payment, including, without limitation, the Tenant Improvements made pursuant to the Work Letter without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

18.10. With regard to any Alterations performed by Tenant, Tenant shall pay to Landlord an amount equal to five percent (5%) of the hard cost incurred by Tenant for all changes installed by Tenant or its contractors or agents to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant

shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays caused by such work, or by reason of inadequate clean-up.

18.11. Within sixty (60) days after final completion of the Tenant Improvements (or any other Alterations performed by Tenant with respect to the Premises), Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Tenant Improvements (or any other Alterations performed by Tenant with respect to the Premises), together with supporting documentation reasonably acceptable to Landlord.

18.12. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and lenders as additional insureds on their respective insurance policies.

19. Repairs and Maintenance.

19.1. Landlord shall repair and maintain the structural and exterior portions and Common Areas of the Building and the Project, including, without limitation, roofing and covering materials, foundations, exterior walls, plumbing, fire sprinkler systems (if any), heating, ventilating, air conditioning, elevators, the systems described in Subsections 17.7(a)-(c) from outside the Premises to the border of the Premises, and electrical systems installed or furnished by Landlord. Any costs related to the repair or maintenance activities specified in this Section 19.1 shall be included as a part of Operating Expenses (subject to Article 10), except to the extent such repairs or maintenance is required because of any act, neglect, fault or omissions of Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the cost of such repairs and maintenance.

19.2. Except for services of Landlord, if any, required by Section 19.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises and every part thereof in good condition and repair, damage thereto from ordinary wear and tear excepted. Tenant shall, upon the expiration or sooner termination of the Term, surrender the Premises to Landlord in as good of a condition as when received, ordinary wear and tear excepted and subject to the provisions of this Lease regarding condemnation; and shall, at Landlord's request, remove all telephone and data systems, wiring and equipment from the Premises, and repair any damage to the Premises caused thereby; provided, however, Tenant may instead terminate, cut and label both ends of any such wiring, in which case Tenant shall not be required to remove such wiring. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, other than pursuant to the terms and provisions of this Lease, including the Work Letter.

19.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is an obligation of Landlord unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance. Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

19.4. Repairs under this Article 19 that are obligations of Landlord are subject to allocation among Tenant and other tenants as Operating Expenses, except as otherwise provided in this Article 19 or Article 10.

19.5. This Article 19 relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project and any related facilities. In the event of fire, earthquake, flood, vandalism, war, terrorism, natural disaster or similar cause of damage or destruction, Article 25 shall apply in lieu of this Article 19.

19.6. Subject to Section 15.4, if any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as said person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

20. Liens.

20.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's lien filed against the Premises, the Building or the Project for work claimed to have been done for, or materials claimed to have been furnished to, shall be discharged or bonded by Tenant within ten (10) days after the filing thereof, at Tenant's sole cost and expense.

20.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 20.1, Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent.

20.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Building be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

21. Estoppel Certificate. Tenant shall, within ten (10) business days of receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit J, or on any other form reasonably requested by a proposed lender, mortgagee or beneficiary (each, a "Lender") or purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within the prescribed time shall, at Landlord's option, constitute a Default (as defined below) under this Lease after expiration of applicable notice and cure periods and, in any event, shall be binding upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

22. Hazardous Materials.

22.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of Applicable Laws by Tenant, its agents, employees, contractors or invitees. If Tenant breaches such obligation, or if the presence of Hazardous Materials as a result of such a breach results in contamination of the Premises, the Building, the Project or any adjacent property, or if contamination of (a) the Building, the Project or any adjacent property by Hazardous Materials otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder as a result of (i) the use of Hazardous Materials by or (ii)(A) the negligence or willful misconduct of, (B) violation of Applicable Laws by or (C) breach of this Lease by Tenant or its agents, employees, contractors or invitees, or (b) the Premises (other than as result of (i) the negligence or willful misconduct of Landlord or its agents, employees or contractors, (ii) Hazardous Materials that were present in the Premises prior to the respective Term Commencement Date or (iii) migration of contamination not caused by Tenant or its agents, employees, contractors or invitees from outside of the Premises) then Tenant shall indemnify, save, defend and hold Landlord, its agents and contractors harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Premises, the Building, the Project or any portion thereof; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or Project; damages arising from any adverse impact on marketing of space in the Premises, the Building or the Project; and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) to the extent they arise during or after the Term as a result of such breach or contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Premises, the Building, the Project or any adjacent property caused (or permitted in the case

of the Premises, other than as described in Subsections 22.1(b)(i)-(iii)) by Tenant or its agents, employees, contractors or invitees results in any contamination of the Premises, the Building, the Project or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Premises, the Building, the Project and any adjacent property to their respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Premises, the Building or the Project.

22.2. Landlord acknowledges that it is not the intent of this Article 22 to prohibit Tenant from operating its business as described in Section 2.8, Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored according to Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Term Commencement Date a list identifying each type of Hazardous Material to be present on the Premises and setting forth any and all governmental approvals or permits required in connection with the presence of such Hazardous Material on the Premises (the "Hazardous Materials List"). Tenant shall deliver to Landlord an updated Hazardous Materials List on or prior to each annual anniversary of the Term Commencement Date and shall also deliver an updated Hazardous Materials List before any new Hazardous Materials are brought onto the Premises by Tenant or its agents, employees, contractors or invitees. Tenant shall deliver to Landlord true and correct copies of the following documents (hereinafter referred to as the "Documents") relating to the handling, storage, disposal and emission of Hazardous Materials prior to the Term Commencement Date or, if unavailable at that time, concurrent with the receipt from or submission to any Governmental Authority: permits; approvals; reports and correspondence; storage and management plans; notices of violations of Applicable Laws; plans relating to the installation of any storage tanks to be installed in or under the Premises, the Building or the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion); and all closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on or under the Premises, the Building or the Project by Tenant or its agents, employees, contractors or invitees for the closure of any such storage tanks. Tenant shall not be required, however, to provide Landlord with any portion of the Documents containing information of a proprietary nature that, in and of themselves, do not contain a reference to any Hazardous Materials or activities related to Hazardous Materials. Upon Landlord's written request, Tenant agrees that it shall enter into a written agreement with other tenants of the Building and the Project concerning the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Building and the Project for the storage of Hazardous Materials. In the event that Tenant's use of Hazardous Materials is such that it utilizes fire control areas in the Building or the Project in excess of Tenant's Pro Rata Share of the Building or the Project, as applicable, as set forth in Section 2.2, Tenant agrees that it shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than Tenant's Pro Rata Share of the Building or the Project, as applicable.

22.3. Notwithstanding the provisions of Section 22.1, if (a) Tenant or any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, Lender or Governmental Authority to undergo a material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party's action or omission or use of the property in question and such party has failed to timely commence such remedial action and prosecute the same to completion in accordance with its contractual requirements and Applicable Laws or (ii) Tenant or any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials and is not complying with such order, then Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion (with respect to any such matter involving Tenant), and it shall not be unreasonable for Landlord to withhold its consent to any proposed transfer, assignment or subletting (with respect to any such matter involving a proposed transferee, assignee or sublessee).

22.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Premises, the Building and the Project to demonstrate that Hazardous Materials are present or that contamination has occurred due to Tenant or Tenant's agents, employees or invitees. Tenant shall pay all reasonable costs of such tests of the Premises if such tests reveal that Tenant has breached its obligations under this Article 22.

22.5. If underground or other storage tanks storing Hazardous Materials are placed on the Premises by Tenant, Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws,

22.6. Tenant's obligations under this Article 22 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall continue to pay Rent in accordance with this Lease, which Rent shall be prorated daily.

22.7. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste that is or becomes regulated by any Governmental Authority, but shall not include office and janitorial supplies that Tenant uses in normal quantities and in accordance with Applicable Laws and this Lease for the conduct of its business in accordance with the Permitted Use.

22.8. To Landlord's knowledge, made without inquiry, (a) no Hazardous Material is present on the Property or the soil, surface water or groundwater in violation of Applicable Laws, except as may be set forth in the environmental report prepared by URS dated as of May 23, 2006, and the Baxter/Fremont Final Closure Report dated July 2007 prepared by Baxter BioScience, (b) no underground storage tanks are present on the Property and (c) no action,

proceeding or claim is pending or threatened regarding the Property concerning any Hazardous Material or pursuant to any environmental Applicable Law. Under no circumstance shall Tenant be liable for, and Landlord shall indemnify, defend, protect and hold harmless Tenant, its agents, contractors, stockholders, directors, successors, representatives and assigns from and against all Claims arising out of or in connection with any Hazardous Materials existing at, on or under the Property prior to the Execution Date to the extent not caused by Tenant or its agents, employees, contractors, subtenants or invitees. Tenant may engage, at its sole cost, an environmental consultant to conduct an environmental study in order to obtain a baseline of any pre-existing environmental conditions of the Property; provided that Landlord shall not be deemed to have affirmed any data or conclusions reported in such study.

23. Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and Project will not be damaged by any exhaust, in each case from Tenant's operations, including in Tenant's vivarium. Landlord and Tenant therefore agree as follows:

23.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises due to Tenant's operations.

23.2. If the Building has a ventilation system that in Landlord's judgment is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time reasonably determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord reasonably requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's reasonable approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of Applicable Laws.

23.3. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's reasonable judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's reasonable judgment, emanate from Tenant's Premises. Any work Tenant performs under this paragraph shall constitute Alterations.

23.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's approval of the Tenant Improvements shall not preclude Landlord from reasonably requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's reasonable discretion). Tenant shall install additional equipment as Landlord reasonably requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

23.5. If Tenant fails to install satisfactory odor control equipment within thirty (30) days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's reasonable determination, cause odors or fumes. For example, if Landlord determines that Tenant's production of a certain type of product causes odors or fumes, and Tenant does not install satisfactory odor control equipment within thirty (30) days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

24. Insurance; Waiver of Subrogation.

24.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, and without reference to depreciation taken by Landlord upon its books or tax returns), providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding, workmen's compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant, without regard to whether or not such are made a part of or are affixed to the Building.

24.2. In addition, Landlord shall carry public liability insurance with a single limit of not less than One Million Dollars ($1,000,000) for death or bodily injury, or property damage with respect to the Project.

24.3. Tenant shall, at its own cost and expense, procure and maintain in effect, beginning on the Term Commencement Date or the date of occupancy, whichever occurs first, and continuing throughout the Term (and occupancy by Tenant, if any, after termination of this Lease) comprehensive public liability insurance with limits of not less than Two Million Dollars ($2,000,000) per occurrence for death or bodily injury and not less than Two Million Dollars ($2,000,000) for property damage with respect to the Premises (including $100,000 fire legal liability (each loss)).

24.4. The insurance required to be purchased and maintained by Tenant pursuant to this Lease shall name Landlord, BioMed Realty, L.P., BioMed Realty Trust, Inc., and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds. Said insurance shall be with companies having a rating of not less than policyholder rating of A- and financial category rating of at least Class IX in "Best's Insurance Guide." Tenant shall obtain for Landlord from the insurance companies or cause the insurance companies to furnish certificates of coverage to Landlord. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days' prior written notice to Landlord from the insurer (except in the event of non-payment of premium, in which case ten (10) days written notice shall be given).

All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's policy may be a "blanket policy." Tenant shall, at least five (5) days prior to the expiration of such policies, furnish Landlord with renewals or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent.

24.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements installed by Tenant, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

24.6. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the real property upon which the Building is located if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner, and (c) any management company retained by Landlord to manage the Project.

24.7. Notwithstanding anything to the contrary in this Lease, Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, directors, employees, agents and representatives of the other on account of loss or damage occasioned by such waiving party or its property or the property of others under such waiving party's control, in each case to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy that either Landlord or Tenant may have in force at the time of such loss or damage or is required to be insured against under this Lease. Such waivers shall continue so long as their respective insurers so permit. Any termination of such a waiver shall be by written notice to the other party, containing a description of the circumstances hereinafter set forth in this Section 24.7. Landlord and Tenant, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. Such waivers shall continue so long as their respective insurers permit. If such waivers are no longer permitted by an insurer, the following provisions shall apply. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then the party seeking such policy shall notify the other of such conditions, and the party so notified shall have ten (10) days thereafter to either (a) procure such insurance with companies reasonably satisfactory to the other party or (b) agree to pay such additional premium (in Tenant's case, in the proportion that the area of the Premises bears to the insured area). If the parties do not accomplish either (a) or (b), then this Section 24.7 shall have no effect during such time as such policies shall not be obtainable or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium. If such policies shall at any time be unobtainable, but shall be subsequently obtainable, then neither party shall be subsequently liable for a failure to obtain such insurance until a reasonable time after notification thereof by the other party. If the release of either Landlord or Tenant, as set forth in the first sentence of this Section 24.7, shall contravene Applicable Laws, then the liability of the party in question shall be deemed not released but shall be secondary to the other party's insurer.

24.8. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender.

24.9. Any costs incurred by Landlord pursuant to this Article 24 shall constitute a portion of Operating Expenses, subject to Article 10.

25. Damage or Destruction.

25.1. Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Building or the Project, as applicable, and this Lease shall continue in full force and effect in the event of a partial destruction of the Building or the Project by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof; provided that (a) the damage thereto is such that the Building or the Project may be repaired, reconstructed or restored within a period of twelve (12) months from the date of the happening of such casualty, (b) Landlord shall receive insurance proceeds sufficient to cover the cost of such repairs (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense (unless the casualty is an earthquake and this Lease is terminated due to such earthquake)), and (c) in the event of an earthquake, Tenant's Pro Rata Share of Operating Expenses for the insurance deductible shall not exceed Two Hundred Thousand Dollars ($200,000) per occurrence.

25.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 25.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and effect and Landlord shall restore such damage as provided in Section 25.1; provided that (a) if the damage to the Property is minor (e.g., if the repair or restoration would cost less than ten percent (10%) of the replacement cost of the Property), Landlord shall restore such casualty damage as provided in Subsection 25.1(a) and (b) if Landlord actually restores such casualty damage, then Landlord shall not have the right to terminate this Lease. If Landlord elects not to repair the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction.

25.3. Landlord shall give written notice to Tenant within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

25.4. Upon any termination of this Lease under any of the provisions of this Article 25, the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.5. In the event of repair, reconstruction and restoration as provided in this Article 25, all Base Rent and Operating Expenses to be paid by Tenant under this Lease shall be abated

proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business (in which case Base Rent and Operating Expenses shall be abated to the extent such substitute space is smaller than the Premises).

25.6. Notwithstanding anything to the contrary contained in this Article 25, should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure, then the time for Landlord to commence or complete repairs shall be extended on a day-for-day basis. Notwithstanding the foregoing, if Landlord reasonably estimates that repair, reconstruction or restoration of the damage or destruction to the Premises will not be complete by the date that is twelve (12) months after the date of damage or destruction, Tenant may terminate this Lease by delivering written notice thereof to Landlord within five (5) days after Landlord delivers such estimate to Tenant, Tenant shall be released from any obligations under this Lease (except with regard to those provisions that, by their express terms, survive the expiration or earlier termination hereof).

25.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repair, reconstruction or restoration only with regard to those portions of the Premises, the Building or the Project that were originally provided at Landlord's expense. The repair, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant. In the event Tenant has elected to upgrade certain improvements from the Building Standard (except as part of the Tenant Improvements), Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repair, reconstruction and restoration of the Premises, the Building and the Project.

25.8. Notwithstanding anything to the contrary contained in this Article 25, but subject to Subsection 25.2(b), Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if material damage resulting from any casualty covered under this Article 25 occurs during the last twenty-four (24) months of the Term or any extension hereof or immaterial damage resulting from any casualty covered under this Article 25 occurs during the last six (6) months of the Term or any extension hereof or, or to the extent that insurance proceeds are not available therefor.

25.9. Landlord's obligation, should it elect or be obligated to repair or rebuild, shall be limited to the Property and the Building; provided that Tenant may, at its expense, replace or fully repair all of Tenant's personal property installed by Tenant existing at the time of such damage or destruction; and provided, further that in no event shall Landlord be required to replace or repair any of Tenant's personal property. If the Property or the Building is to be repaired in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable thereto; provided Tenant is not then in default under this Lease, and subject to the requirements of any Lender of Landlord.

26. Eminent Domain.

26.1. In the event the whole of the Premises, or such part thereof as shall substantially interfere with Tenant's use and occupancy thereof, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to said authority.

26.2. In the event of a partial taking of the Building or the Project, or of drives, walkways or parking areas serving the Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

26.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense, (b) the costs of Tenant moving to a new location and (c) lost profits, goodwill and leasehold improvements paid for by Tenant. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

26.4. lf, upon any taking of the nature described in this Article 26, this Lease continues in effect, then Landlord shall promptly proceed to restore the Premises, the Building and the Project, as applicable, to substantially their same condition prior to such partial taking. To the extent such restoration is feasible, as determined by Landlord in its reasonable discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

27. Surrender.

27.1. At least five (5) business days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with written evidence of all appropriate governmental closures obtained by Tenant in accordance with Applicable Laws, including, without limitation, laws pertaining to the surrender of the Premises. Tenant's obligations under this Section 27.1 shall survive the expiration or earlier termination of the Lease.

27.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

27.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

27.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation

thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

28. Holding Over.

28.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 8 and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including, without limitation, payments for Tenant's Op Ex Share of Operating Expenses. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

28.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly base rent shall be equal to one hundred fifty percent (150%) of the Base Rent in effect during the last thirty (30) days of the Term.

28.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

28.4. The foregoing provisions of this Article 28 are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

29. Indemnification and Exculpation.

29.1. Tenant agrees to indemnify, save, defend and hold Landlord harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses (including, without limitation, reasonable attorneys' fees, charges and disbursements) incurred in investigating or resisting the same (collectively, "Claims") arising from injury or death to any person or damage to any property occurring within or about the Premises, the Building or the Property arising directly or indirectly out of Tenant's or Tenant's employees', agents' or guests' use or occupancy of the Premises or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by Landlord's willful misconduct or negligence or breach of this Lease.

29.2. Notwithstanding any provision of Section 29.1 to the contrary, Landlord shall not be liable to Tenant for, and Tenant assumes all risk of, damage to personal property or scientific research, including, without limitation, loss of records kept by Tenant within the Premises and damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including, without limitation, broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's gross negligence or willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time. Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section 29.2.

29.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party.

29.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage.

29.5. The provisions of this Article 29 shall survive the expiration or earlier termination of this Lease.

30. Assignment or Subletting.

30.1. Except as hereinafter expressly permitted, Tenant shall not, either voluntarily or by operation of Applicable Laws, directly or indirectly sell, hypothecate, assign, pledge, encumber or otherwise transfer this Lease, or sublet the Premises (each, a "Transfer"), without Landlord's prior written consent, which consent Landlord may not unreasonably withhold, condition or delay. Tenant shall have the right to Transfer without Landlord's prior written consent the Premises or any part hereof to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Tenant; or any party that results from a merger, nonbankruptcy reorganization, government action, or consolidation of Tenant; or any party that acquires all or substantially all of the assets or stock of Tenant (a "Tenant Affiliate"); provided that Tenant shall notify Landlord in writing at least fourteen (14) days prior to the effectiveness of such Transfer to a Tenant Affiliate (an "Exempt Transfer"); and provided, further, that an Exempt Transfer must be to an entity that has a financial strength equal or greater to that of Tenant as of the date of the proposed Exempt Transfer. A sale or transfer of Tenant's capital stock shall not be deemed an assignment, subletting or any other transfer of this Lease or the Premises. For purposes of Exempt Transfers, "control" requires both (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person.

30.2. In the event Tenant desires to effect a Transfer, then, at least twenty (20) but not more than ninety (90) days prior to the date when Tenant desires the assignment or sublease to be effective (the "Transfer Date"), Tenant shall provide written notice to Landlord (the "Transfer Notice") containing information (including references) naming the proposed transferee, assignee or sublessee; the Transfer Date; any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

30.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to (a) the financial strength of such transferee, assignee or sublessee

(notwithstanding Tenant remaining liable for Tenant's performance), (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises that is not a Permitted Use under this Lease and (c) Landlord's desire to exercise its rights under Section 30.8 to cancel this Lease. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code.

30.4. As conditions precedent to Tenant subleasing the Premises or to Landlord considering a request by Tenant to Tenant's transfer of rights or sharing of the Premises, Landlord may require any or all of the following:

(a) Tenant shall remain fully liable under this Lease during the unexpired Term;

(b) Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(c) Tenant shall reimburse Landlord for Landlord's actual costs and expenses, including, without limitation, reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request (not to exceed Two Thousand Five Hundred Dollars ($2,500) in any one instance);

(d) If Tenant's transfer of rights or sharing of the Premises (other than to a Tenant Affiliate) provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including, without limitation, a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord as and

when received, after deductions for any transaction costs incurred by Tenant, including marketing expenses, tenant improvement allowances actually provided by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent. If said consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(e) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in Default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

(f) Landlord's consent to any such Transfer shall be effected on Landlord's reasonable forms;

(g) Tenant shall not then be in default hereunder in any respect;

(h) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

(i) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

(j) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

(k) Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent to any later Transfer;

(l) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and

(m) A list of Hazardous Materials (as defined in Section 22.7), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 22.2.

30.5. Any Transfer that is not in compliance with the provisions of this Article 30 shall be void and shall, at the option of Landlord, terminate this Lease.

30.6. The consent by Landlord to a Transfer shall not relieve Tenant or proposed transferee, assignee or sublessee from obtaining Landlord's consent to any further Transfer, nor shall it release Tenant or any proposed transferee, assignee or sublessee of Tenant from full and primary liability under this Lease.

30.7. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

30.8. [Intentionally omitted]

30.9. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

31. Subordination and Attornment.

31.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. The subordination of this Lease to a ground lease or instrument of security shall be conditioned upon Tenant's receipt from any such ground lessors or lenders of a written agreement in form reasonably satisfactory to Tenant providing for recognition of Tenant's interest under this Lease in the event of the termination of the ground lease or of a foreclosure of lender's security interest, as applicable.

31.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further commercially reasonable instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "Mortgagee") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable.

31.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a mortgagee or beneficiary of a deed of trust encumbering real property of which the Premises constitute a part incident to the financing of the real property of which the Premises constitute a part. Any change affecting the amount or timing of the consideration to be paid by Tenant or modifying the Term shall be deemed as materially altering the terms hereof.

31.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

32. Defaults and Remedies.

32.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) days after the date such payment is due, Tenant shall pay to Landlord an additional sum of five percent (5%) of the overdue Rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant.

32.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

32.3. If Tenant fails to pay any sum of money required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, in each case within applicable notice and cure periods, Landlord may, without waiving or releasing Tenant from any obligations of Tenant, but shall not be obligated to, make such payment or perform such act. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 32.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to twelve percent (12%) per annum or the highest rate permitted by Applicable Laws, whichever is less.

32.4. The occurrence of any one or more of the following events shall constitute a "Default" hereunder by Tenant:

(a) The abandonment of the Premises by Tenant;

(b) The failure by Tenant to make any payment of Rent, as and when due, or to satisfy its obligations under Article 20, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant;

(c) The failure by Tenant to observe or perform any obligation or covenant contained herein (other than described in Subsections 32.4(a), 32.4(b) or 32.4(h)) to be performed by Tenant, where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant's default is such that it reasonably requires more than ten (10) days to cure, Tenant shall not be deemed to be in Default if Tenant shall commence such cure (for the sake of clarity, Tenant (i) scheduling a qualified contractor or vendor to visit the Premises or (ii) requesting a proposal from a qualified contractor or vendor shall constitute commencement of a cure for purposes of this Section 32.4(c)) within said ten (10) day period and thereafter diligently prosecute the same to completion; and provided, further, that such cure is completed no later than sixty (60) days from the date of Tenant's receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "Bankruptcy Code") or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition if filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) Failure to deliver an estoppel certificate in accordance with Article 21 within three (3) business days after Tenant's receipt of written notice of such failure; or

(i) Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section 32.4 shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

32.5. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord shall be entitled to terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may

be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including, without limitation:

(a) The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus

(b) The worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves could have been reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including, without limitation, the cost of restoring the Premises to the condition required under the terms of this Lease; plus

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws.

As used in Subsections 32.5(a) and 32.5(b), "worth at the time of award" shall be computed by allowing interest at the rate specified in Section 32.3. As used in Subsection 32.5(c), the "worth at the time of the award" shall be computed by taking the present value of such amount, using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point.

32.6. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 and may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations). In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section 32.6, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including, but not limited to, alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

32.7. If Landlord does not elect to terminate this Lease as provided in Section 32.5, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

32.8. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

(a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including, without limitation, storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;

(b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;

(c) Third, to the payment of Rent and other charges due and unpaid hereunder; and

(d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

32.9. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver.

32.10. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (i) the date of Lease termination or (ii) the date Tenant surrenders possession of the Premises.

32.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise,

32.12. Landlord shall not be in default under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

32.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Building by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

33. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in reasonable discretion:

33.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

33.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

33.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

33.4. The assumption or assignment of all of Tenant's interest and obligations under this Lease.

34. Brokers.

34.1. Landlord and Tenant each represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Cresa Partners and GVA Kidder Mathews (collectively, "Broker"), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

34.2. Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant's decision to enter into this Lease, other than as contained in this Lease.

34.3. Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant's representations, warranties and agreements contained within Sections 34.1 and 34.2.

34.4. Tenant agrees to indemnify, save, defend and hold Landlord harmless from any and all cost or liability for compensation claimed by any other broker or agent, other than Broker, employed or engaged by it or claiming to have been employed or engaged by it.

35. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "Landlord," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

36. Limitation of Landlord's Liability.

36.1. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project of which the Premises are a part, (b) rent or other income from such real property receivable by Landlord, (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Building or the Project of which the Premises are a part or (d) any insurance or condemnation proceeds for the Property.

36.2. Except as permitted by Section 36.1, Landlord shall not be personally liable for any deficiency under this Lease. If Landlord is a partnership or joint venture, then the partners of such partnership shall not be personally liable for Landlord's obligations under this Lease, and no partner of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner of Landlord except as may be necessary to secure jurisdiction of the partnership or joint venture. If Landlord is a corporation, then the shareholders, directors, officers, employees and agents of such corporation shall not be

personally liable for Landlord's obligations under this Lease, and no shareholder, director, officer, employee or agent of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord. If Landlord is a limited liability company, then the members of such limited liability company shall not be personally liable for Landlord's obligations under this Lease, and no member of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any member of Landlord except as may be necessary to secure jurisdiction of the limited liability company. No partner, shareholder, director, employee, member or agent of Landlord shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, employee or agent of Landlord.

36.3. Each of the covenants and agreements of this Article 36 shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

37. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then:

37.1. Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant; and

37.2. The term "Tenant," as used in this Lease shall mean and include each of them, jointly and severally. The act of, notice from, notice to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including, without limitation, any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

38. Authority. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so.

39. Confidentiality. Tenant shall not disclose any terms or conditions of this Lease (including Rent) or give a copy of this Lease to any third party, and Landlord shall not release to any third party any nonpublic financial information or nonpublic information about Tenant's ownership structure that Tenant gives Landlord, except (a) if required by Applicable Laws or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (b) to a party's attorneys, accountants, brokers, prospective lenders, investors and business partners and other bona fide consultants or advisers or (c) to bona fide prospective assignees or subtenants of this Lease. A violation of this Article 39 may result in a Default, but shall not entitle Landlord to terminate this Lease.

40. Notices. Any notice, consent, demand, bill, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by personal delivery, overnight delivery with a reputable nationwide overnight delivery service, or certified mail (return receipt requested), and if given by personal delivery, shall be deemed delivered upon receipt; if given by overnight delivery, shall be deemed delivered one (1) business day after deposit with a reputable nationwide overnight delivery service; and, if given by certified mail (return receipt requested), shall be deemed delivered three (3) business days after the time the notifying party deposits the notice with the United States Postal Service. Any notices given pursuant to this Lease shall be addressed to Landlord or Tenant at the addresses shown in Sections 2.10 and 2.11, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

41. Miscellaneous.

41.1. Landlord reserves the right to change the name of the Project or the Building in its sole discretion.

41.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish to Landlord, from time to time, upon Landlord's written request, the most recent audited (if available) year-end financial statements reflecting Tenant's current financial condition (as of the date of such statements); provided that if audited financials are not available, the financials submitted to Landlord shall be certified by the chief financial officer of Tenant as materially true, accurate and complete. Landlord shall hold such statements confidential, Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.

41.3. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

41.4. If either party commences an action against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, charges and disbursements and costs of suit.

41.5. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

41.6. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

41.7. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

41.8. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except as may be expressly set forth to the contrary.

41.9. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement.

41.10. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

41.11. Landlord may, but shall not be obligated to, record a short form or memorandum hereof without Tenant's consent. Neither party shall record this Lease. Tenant shall be responsible for the cost of recording any short form or memorandum of this Lease by Tenant, including any transfer or other taxes incurred in connection with said recordation.

41.12. The language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

41.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors, assigns, sublessees. Nothing in this Section 41.13 shall in any way alter the provisions of this Lease restricting assignment or subletting.

41.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the State in which the Premises are located, without regard to such State's conflict of law principles.

41.15. Landlord and Tenant each guarantees, warrants and represents that the individual or individuals signing this Lease on their behalf have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf said individual or individuals have signed.

41.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

41.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant. The waiver by Landlord of any breach by Tenant of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

41.18. The parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

42. Options to Extend Term. Tenant shall have two (2) options (each, an "Option") to extend the Term by three (3) years each as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to an Option shall be on all the same terms and conditions as this Lease, except as follows:

42.1. Base Rent during each Option period shall equal the greater of (a) ninety-five percent (95%) of the fair market value for comparable office/research and development/office space in the Fremont/Newark market, including escalations ("FMV") and (b) one hundred three percent (103%) of the Base Rent at the expiration of the then-current Term, increased by three percent (3%) on each annual anniversary of the commencement date of the respective Option period. FMV shall include, without limitation, consideration of rent adjustments, if any, excluding the value of any improvements made to the Premises at Tenant's cost and expense (other than as part of a reimbursement by Tenant under this Lease (e.g., related to the TI Allowance)). If Landlord and Tenant cannot agree on the FMV within thirty (30) days after Landlord's receipt of an Option Notice (as defined below), then the Fly shall be determined as follows: a real estate appraiser who is a member of the Appraisal Institute with local knowledge of Alameda County real estate and knowledge of the greater Bay Area laboratory/research and development leasing market (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the chapter of the American Arbitration Association located in or nearest to Alameda County, or any successor organization thereto (the "AAA"). The Baseball Arbitrator selected by the parties or designated by the President of the AAA shall (a) have at least ten (10) years' experience in the leasing of office and laboratory/research and development space in Alameda County and (b) not have been employed or retained by either Landlord or Tenant or any affiliate of either. Landlord and Tenant shall each submit to the Baseball Arbitrator and to the other its determination of the Fly, The Baseball Arbitrator shall afford to Landlord and Tenant a hearing and the right to submit evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the FMV of the Premises. The Baseball Arbitrator may not select any other FMV for the Premises other than ones submitted by Landlord and Tenant. The determination of the FMV so selected shall be binding upon Landlord and Tenant and shall serve as the FMV for the applicable Option term. If, as of the commencement date of the applicable Option term, the amount of the Base Rent payable during the applicable Option term in accordance with this Article 42 shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable in respect of the last year of the then-current Term. After the final determination of the Base Rent payable for such Option term, the parties promptly and appropriately shall adjust rental payments theretofore made during the applicable Option term and shall execute a written agreement specifying the amount of the Base Rent as so determined. Any failure of the parties to execute such written agreement shall not affect the validity of the Base Rent as so determined. Notwithstanding anything to the contrary contained in this Section, if the Base Rent during any Option term is determined by appraisal and if Tenant does not, in its sole discretion, approve the rental amount established by such appraisal, Tenant may rescind its exercise of the Option by giving Landlord written notice of such election to rescind within ten (10) days after receipt of all appraisals. If Tenant rescinds its exercise of the Option, then (y) the

Lease shall terminate on the thirtieth (30th) day after Tenant's notice of rescission or on the date the Lease would have otherwise terminated absent Tenant's exercise of the Option, whichever date is later, and (z) Tenant shall pay all costs and expenses of the appraisal.

42.2. No Option is assignable separate and apart from this Lease.

42.3. An Option is conditional upon Tenant giving Landlord written notice of its election to exercise such Option at least twelve (12) but not more than eighteen (18) months prior to the end of the expiration of the then-current Term. Time shall be of the essence as to Tenant's exercise of an Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise an Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of an Option after the date provided for in this paragraph.

42.4. Notwithstanding anything contained in this Article 42, Tenant shall not have the right to exercise an Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 32 of the Lease and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or

(c) In the event that Tenant has Defaulted in the performance of its obligations under this Lease two (2) or more times or a service or late charge has become payable under Section 32.1 for two (2) such Defaults during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise an Option, whether or not Tenant has cured such Defaults.

42.5. The period of time within which Tenant may exercise an Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 42.4.

42.6. All of Tenant's rights under the provisions of an Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of such Option if, after such exercise, but prior to the commencement date of the new term, (a) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, (b) Tenant fails to commence to cure a default (other than a monetary default) within thirty (30) days after the date Landlord gives notice to Tenant of such default or (c) Tenant has defaulted under this Lease two (2) or more times and a service or late charge under Section 32.1 has become payable for any such default, whether or not Tenant has cured such defaults.

43. Right of First Refusal. Tenant shall have a one-time right of first refusal ("ROFR") as to each rentable premises in the Building for which Landlord is seeking a tenant ("Available ROFR Premises"); provided, however, that in no event shall Landlord be required to lease any Available ROFR Premises to Tenant for any period past the date on which this Lease expires or is terminated pursuant to its terms unless Tenant simultaneously extends the Term with respect to

the entire Premises. To the extent that Landlord renews or extends a then-existing lease with any then-existing tenant of any space, or enters into a new lease with such then-existing tenant, the affected space shall not be deemed to be Available ROFR Premises. In the event Landlord intends to lease Available ROFR Premises, Landlord shall provide written notice thereof to Tenant (the "Notice of Offer"), specifying the terms and conditions of a proposed lease to Tenant of the Available ROFR Premises.

43.1. Within ten (10) days following its receipt of a Notice of Offer, Tenant shall advise Landlord in writing whether Tenant elects to lease all (not just a portion) of the Available ROFR Premises on the terms and conditions set forth in the Notice of Offer. If Tenant fails to notify Landlord of Tenant's election within said ten (10) day period, then Tenant shall be deemed to have elected not to lease the Available ROFR Premises pursuant to such Notice of Offer.

43.2. If Tenant timely notifies Landlord that Tenant elects to lease the Available ROFR Premises on the terms and conditions set forth in the Notice of Offer, then Landlord shall lease the Available ROFR Premises to Tenant upon the terms and conditions set forth in the Notice of Offer.

43.3. If Tenant notifies Landlord that Tenant elects not to lease the Available ROFR Premises on the terms and conditions set forth in the Notice of Offer, or if Tenant fails to notify Landlord of Tenant's election within the ten (10)-day period described above, then Landlord shall have the right to consummate the lease of the Available ROFR Premises on the same terms as set forth in the Notice of Offer following Tenant's election (or deemed election) not to lease the Available ROFR Premises.

43.4. Notwithstanding anything in this Article 43 to the contrary, Tenant shall not exercise the ROFR during such period of time that Tenant is in default under any provision of this Lease. Any attempted exercise of the ROFR during a period of time in which Tenant is so in default shall be void and of no effect. In addition, Tenant shall not be entitled to exercise the ROFR if Landlord has given Tenant two (2) or more notices of default under this Lease, if the defaults were not cured within applicable notice and cure periods, during the twelve (12) month period prior to the date on which Tenant seeks to exercise the ROFR.

43.5. Notwithstanding anything in this Lease to the contrary, except for Exempt Transfers or other Transfers to a Tenant Affiliate to which Landlord consents in writing, Tenant shall not assign or transfer the ROFR, either separately or in conjunction with an assignment or transfer of Tenant's interest in the Lease, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

44. Landlord's Personal Property. Tenant shall have the right to use throughout the Term, at no additional cost, the furniture and cubicles located in the Premises as more particularly described in Exhibit K attached hereto.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

34175 ARDENWOOD VENTURE, LLC,
a Delaware limited liability company

By: BMR-34175 ARDENWOOD BOULEVARD LLC, its
Managing Member

By: /s/ John Bonanno
Name: John Bonanno
Title: Vice President

TENANT:

NTERYX, INC.,
a Delaware corporation

By: /s/ Jean Frechet
Name: Jean Frechet
Title: CEO NTERYX

EXHIBIT A-1

PHASE 1 PREMISES

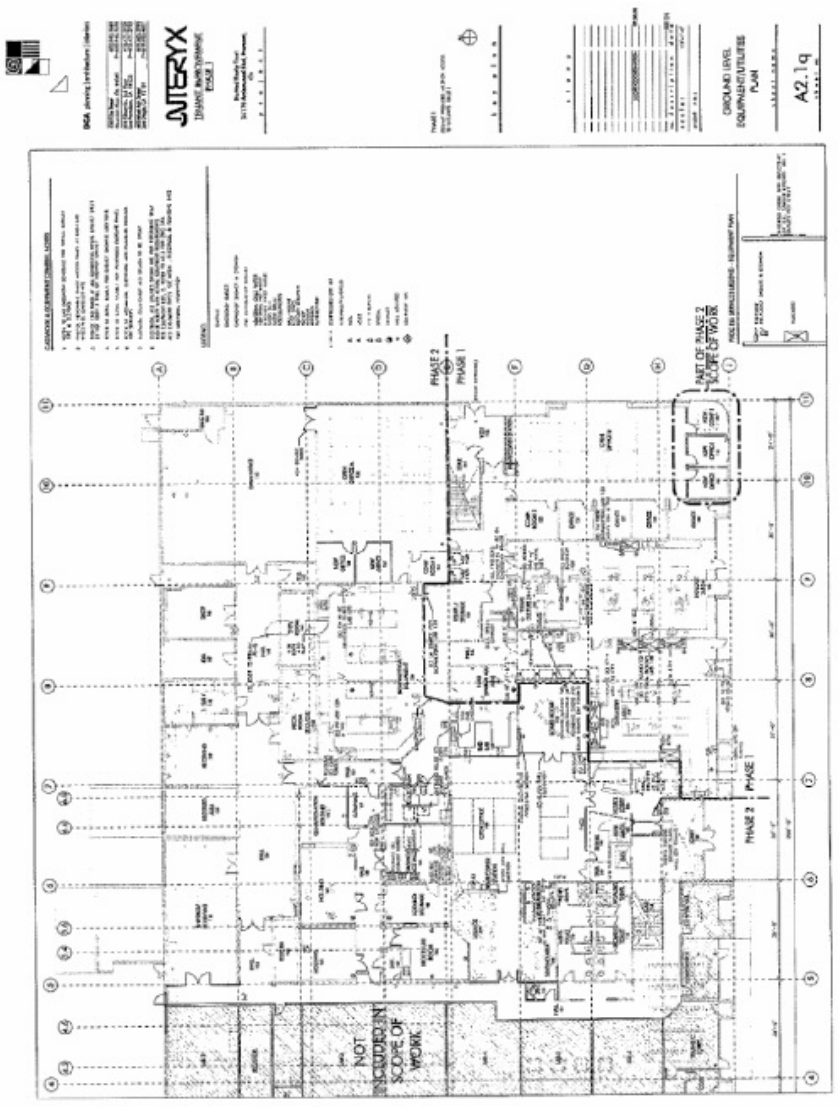

EXHIBIT A-2

PHASE 2 PREMISES

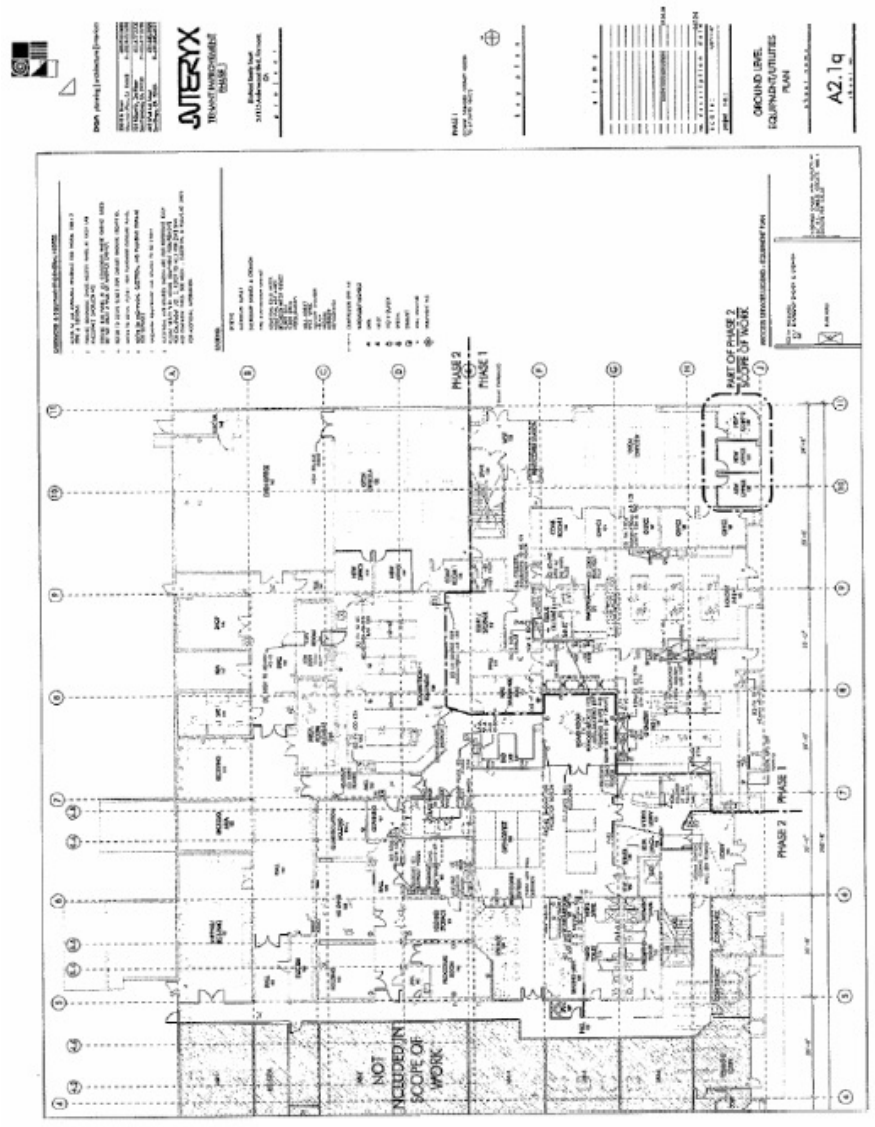

EXHIBIT B

WORK LETTER

This Work Letter (the "Work Letter") is made and entered into as of the 8th day of August, 2008, by and between 34175 ARDENWOOD VENTURE, LLC, a Delaware limited liability company ("Landlord"), and NTERYX, INC., a Delaware corporation ("Tenant"), and is attached to and made a part of that certain Lease dated as of August 8, 2008 (the "Lease"), by and between Landlord and Tenant for the Premises located at 34175 Ardenwood Boulevard in Fremont, California. All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. General Requirements.

1.1 Tenant's Authorized Representative. Tenant designates George Jue ("Tenant's Authorized Representative") as the person authorized to initial all plans, drawings, changes orders and approvals pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any such item until such item has been initialed by Tenant's Authorized Representative.

1.2 Tenant Improvements Schedule. The schedule for the design and development of Tenant Improvements, including, without limitation, the time periods for preparation and review of construction documents, approvals and performance, shall be in accordance with that certain schedule prepared by Landlord and Tenant attached as Attachment 1 to this Work Letter (the "Tenant Improvements Schedule"). The Tenant Improvements Schedule shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter.

1.3 Budget. The budget for completing the Tenant Improvements is attached as Attachment 3 to this Work Letter (the "Initial Budget"). The Initial Budget shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter. The Initial Budget and any revised budgets are referred to herein as a "Budget")

1.4 Architects and Consultants. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Tenant Improvements shall be selected by Landlord and approved by Tenant, which approval Tenant shall not unreasonably withhold, condition or delay. Landlord and Tenant hereby approve of Cody Brock as the general contractor and DIA Architects as the architect.

2. Tenant Improvements.

2.1 Work Plans. The Tenant Improvements shall be performed by Landlord at Tenant's sole cost and expense and without cost to Landlord (except for the Base TI Allowance and, if properly requested by Tenant, the Additional TI Allowance) and in accordance with the Approved TI Plans (as defined below). The design drawings, plans and specifications listed on Attachment 2 to this Work Letter (the "Tenant Work Plans") are the initial list of plans that Landlord shall develop and submit to Tenant for approval. Landlord shall prepare and submit to Tenant for approval schematics covering the Tenant Improvements prepared in conformity with the applicable provisions of this Work Letter (the "Draft Plans"). The Draft Plans shall contain

sufficient information and detail to accurately describe the proposed design to Tenant and such other information as Tenant may reasonably request. Tenant shall be solely responsible for ensuring that the Tenant Work Plans and the Draft Plans satisfy Tenant's requirements for the Tenant Improvements. Notwithstanding anything to the contrary in this Lease or the Work Letter, except for Changes requested by Tenant (that shall be performed for an amount not to exceed the "not to exceed" price provided by Landlord to Tenant at the time Landlord approves such Change) and costs due to Tenant Delays, Landlord shall be solely responsible, and Tenant shall not be responsible, for any costs to construct the Tenant Improvements (to the extent specifically described in Exhibits G-1 and G-2) in excess of the Base TI Allowance.

2.2 Landlord Approval of Plans. Tenant shall notify Landlord in writing within five (5) days after receipt of the Draft Plans whether Tenant approves or objects to the Draft Plans and of the manner, if any, in which the Draft Plans are unacceptable. If Tenant objects to the Draft Plans, then Landlord shall revise the Draft Plans and cause Tenant's objections to be remedied in the revised Draft Plans. Landlord shall then resubmit the revised Draft Plans to Tenant for approval. Tenant's approval of or objection to revised Draft Plans and Landlord's correction of the same shall be in accordance with this Section 2.2, until Tenant has approved the Draft Plans in writing. The iteration of the Draft Plans that is approved by Tenant without objection shall be referred to herein as the "Approved Draft Plans."

2.3 Design Development Plans. Landlord shall prepare design development plans for the Tenant Improvements that (a) are consistent with and are logical evolutions of the Approved Draft Plans, (b) incorporate Permitted Changes and (c) incorporate any other Landlord-requested Changes. As soon as such design development plans (the "Design Development Plans") are completed, Landlord shall deliver the same to Tenant for Tenant's approval, which approval may not be unreasonably withheld and may be withheld only if the Design Development Plans are not consistent with or logical evolutions of the Approved Draft Plans. Such Design Development Plans shall be approved or disapproved by Tenant within five (5) days after delivery to Tenant. If Tenant fails to notify Landlord of disapproval within such five (5) day period, the Design Development Plans shall be deemed approved. If the Design Development Plans are disapproved by Tenant, then Tenant shall notify Landlord in writing of its objections to such Design Development Plans and the parties shall confer and negotiate in good faith to reach agreement on the Design Development Plans.

2.4 Approved Plans. Landlord shall prepare final plans and specifications for the Tenant Improvements that (a) are consistent with and are logical evolutions of the Design Development Plans, (b) incorporate Permitted Changes (as defined below) and (c) incorporate any other Landlord-requested Changes. As soon as such final plans and specifications ("Final Plans") are completed, Landlord shall deliver the same to Tenant for Tenant's approval, which approval may not be unreasonably withheld and may be withheld only if (y) the Final Plans are not consistent with or logical evolutions of the Design Development Plans or (z) Tenant objects to any Landlord-requested Change (other than Permitted Changes). Such Final Plans shall be approved or disapproved by Tenant within five (5) days after delivery to Tenant. If Tenant fails to notify Landlord of disapproval within such five (5) day period, the Final Plans shall be deemed approved. If the Final Plans are disapproved by Tenant, then Tenant shall notify Landlord in writing of its objections to such Final Plans and shall submit any requested Changes through a Tenant Change Order Request (as defined below), and the parties shall confer and

negotiate in good faith to reach agreement on the Final Plans. Promptly after the Final Plans are approved by Landlord and Tenant, two (2) copies of such Final Plans shall be initialed and dated by Landlord and Tenant as soon as approved by Landlord and Tenant, Landlord shall promptly submit such Final Plans to all appropriate governmental agencies for approval. The Final Plans so approved, and all change orders specifically permitted by this Agreement, are referred to herein as the "Approved Plans" and shall become part of this Lease as though set forth in full.

2.5 Changes to Tenant Improvements. Any changes to the Final Plans or the Approved Plans (each, a "Change") requested by Landlord or Tenant (other than Permitted Changes (as defined below) made by Landlord) shall be requested and instituted in accordance with the provisions of this Article 2 and shall be subject to the written approval of the other party in accordance with this Work Letter.

(a) Changes Requested by Tenant.

(i) Tenant Change Order Request. Tenant may request Changes after Tenant approves the Final Plans or the Approved Plans, as applicable, by notifying Landlord thereof in writing in substantially the same form as the AIA standard change order form (a "Tenant Change Order Request"), which Tenant Change Order Request shall detail the nature and extent of any requested Changes, including, without limitation, (A) the Change, (B) the party required to perform the Change and (C) any modification of the Final Plans or the Approved Plans, as applicable, or the respective Schedule and Budget necessitated by the Change. If the nature of a Change requires revisions to the Final Plans or the Approved Plans, as applicable, then Tenant shall be solely responsible for the cost and expense of such revisions. Tenant Change Order Requests shall be signed by Tenant's Authorized Representative.

(ii) Landlord's Approval of Changes. All Tenant-requested Changes shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. Landlord shall have five (5) days after receipt of a Tenant Change Order Request to notify Tenant in writing of Landlord's approval or disapproval of any such Tenant-requested Change. Landlord shall also promptly notify Tenant of changes to the Budget and the Schedule necessitated by the Change. If Landlord does not approve in writing a Tenant Change Order Request, then such Tenant Change Order Request shall be deemed approved.

(b) Changes Requested by Landlord.

(i) Landlord Change Order Request. Tenant's consent shall not be required in connection with Landlord-requested Permitted Changes to the Tenant Improvements; provided, however, as to Permitted Changes described in Subsection 2.5(c)(ii) below that do not otherwise qualify as Permitted Changes under Subsection 2.5(c)(iii) below, Landlord must identify such change to Tenant and use reasonable efforts to address any of Tenant's reasonable concerns with respect to such change; and provided, further, that Tenant communicates such reasonable concerns to Landlord within two (2) business days after notification of the Permitted Change. Other than Permitted Changes, Landlord may request Changes after Tenant approves the Approved Plans by notifying Tenant thereof in writing in substantially the same form as the AIA standard change order form (a "Landlord Change Order Request"), which Landlord Change Order Request shall detail the nature and extent of any requested Changes, including, without

limitation, (A) the Change, (B) the party required to perform the Change and (C) any modification or the Approved Plans or she respective Schedule and Budget necessitated by the Change. If the nature of a Change requires revisions to the Approved Plans, then Landlord shall be solely responsible for the cost and expense of such revisions.

(ii) Tenant's Approval of Change. Tenant shall have five (5) days after receipt of a Landlord Change Order Request to notify Landlord in writing of Tenant's approval or rejection of the Landlord-requested Change, which approval shall not be unreasonably withheld. Tenant's failure to respond within such five (5) day period shall be deemed approval by Tenant.

(c) Permitted Changes. For purposes of this Work Letter, a "Permitted Change" shall mean (i) minor field changes, (ii) changes required by Governmental Authority, (iii) any other changes that (A) do not materially and adversely affect the building structure, roof, or building service equipment to be constructed as part of the Tenant Improvements, (B) do not materially change the size, cost, configuration, or overall appearance of the Tenant Improvements or Tenant's ability to operate its business in the Building and (C) will not extend the Scheduled Completion Date of the Tenant Improvements (as set forth in the Tenant Improvement Schedule) beyond the Estimated Term Commencement Date, and (iv) ordinary development of the Approved Plans in a manner not inconsistent with the Approved Plans.

3. Requests for Consent. Except as otherwise provided in this Work Letter, Tenant shall respond to all requests for consents, approvals or directions made by Landlord pursuant to this Work Letter within five (5) days following Tenant's receipt of such request. Tenant's failure to respond within such five (5) day period shall be deemed approval by Tenant. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except as may he expressly set forth to the contrary;

4. Miscellaneous.

4.1 Headings, Etc. Where applicable in this Work Letter, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The section headings of this Work Letter are not a part of this Work Letter and shall have no effect upon the construction or interpretation of any part hereof.

4.2 Time of the Essence. Time is of the essence with respect to the performance of every provision of this Work Letter in which time of performance is a factor.

4.3 Covenants. Each provision of this Work Letter performable by Landlord or Tenant shall be deemed both a covenant and a condition.

4.4 Entire Agreement. The terms of this Work Letter are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement, other than the Lease.

4.5 Invalid Provisions. Any provision of this Work Letter that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Work Letter shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

4.6 Construction. The language in all parts of this Work Letter shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

4.7 Assigns. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors, assigns, sublessees. Nothing in this Section 4.7 shall in any way alter the provisions of the Lease restricting assignment or subletting.

4.8 Authority. Tenant guarantees, warrants and represents that the individual or individuals signing this Work Letter have the power, authority and legal capacity to sign this Work Letter on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf said individual or individuals have signed.

4.9 Counterparts. This Work Letter may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

4.10 Standard of Care. The Tenant Improvements shall be constructed in accordance with the Approved Plans and all Applicable Laws, in a good and workmanlike manner, free of defects and using new materials and equipment of good quality. Tenant shall have the right to submit a written punchlist to Landlord for each of the Phase 1 Tenant Improvements and Phase 2 Tenant Improvements, setting forth any defective item of construction, and Landlord shall promptly cause any such defective items to be corrected. When permitted by the terms of the applicable contract, Landlord shall partially assign to Tenant any warranties with respect to the foregoing following completion of the Tenant Improvements to the extent maintenance of the same is Tenant's responsibility under the Lease.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

34175 ARDENWOOD VENTURE, LLC,
a Delaware limited liability company

By: BMR-34175 ARDENWOOD BOULEVARD LLC, its
Managing Member

By: /s/ John Bonanno
Name: John Bonanno
Title: VICE PRESIDENT

TENANT:

NTERYX, INC.,
a Delaware corporation

By: /s/ Jean Frechet
Name: Jean Frechet
Title: CEO

ATTACHMENT 1 TO EXHIBIT B

TENANT IMPROVEMENTS SCHEDULE

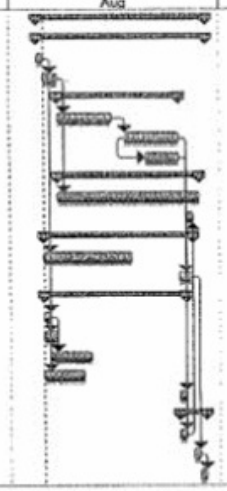
B-1-1

NTERYX
34175 Ardenwood Dr.
Fremont, CA

CODY/BROCK, INC.
987 CENTER STREET
SAN CARLOS, CA 94070
650 591-0757
EXHIBIT D

CODY|BROCK
GENERAL CONTRACTORS

ID	Task Name	Duration	Start	Finish
1	PROJECT	19 days	Tue 8/5/08	Fri 8/29/08
2	PHASE 1	19 days	Tue 8/5/08	Fri 8/29/08
3	Authorization to Proceed	1 day	Tue 8/5/08	Tue 8/5/08
4	Remove Ceiling Tiles	2 days	Wed 8/6/08	Thu 8/7/08
5	HVAC	12 days	Fri 8/8/08	Mon 8/25/08
6	material lead/fabrication	6 days	Fri 8/8/08	Fri 8/15/08
7	ducting	6 days	Mon 8/18/08	Mon 8/25/08
8	hood	3 days	Thu 8/21/08	Mon 8/25/08
9	PLUMBING	15 days	Fri 8/8/08	Thu 8/28/08
10	piping	15 days	Fri 8/8/08	Thu 8/28/08
11	trim	1 day	Wed 8/27/08	Wed 8/27/08
12	FIRE SPRINKLERS	16 days	Wed 8/6/08	Wed 8/27/08
13	plans & permit	9 days	Wed 8/6/08	Mon 8/18/08
14	fume hood head installation	2 days	Tue 8/26/08	Wed 8/27/08
15	ELECTRICAL	15 days	Wed 8/6/08	Tue 8/26/08
16	safe off	1 day	Wed 8/6/08	Wed 8/6/08
17	Freeze/Refrig cut-ins	2 days	Wed 8/6/08	Thu 8/7/08
18	hoods rough	4 days	Thu 8/7/08	Tue 8/12/08
19	emergency power	4 days	Wed 8/6/08	Mon 8/11/08
20	hood connection	1 day	Tue 8/26/08	Tue 8/26/08
21	INSPECTIONS	4 days	Tue 8/26/08	Fri 8/29/08
22	HVAC	1 day	Tue 8/26/08	Tue 8/26/08
23	Fire	1 day	Thu 8/28/08	Thu 8/28/08
24	Final	1 day	Fri 8/29/08	Fri 8/29/08



Project: Prelim Schedule Phase #1
Date: Wed 8/6/08

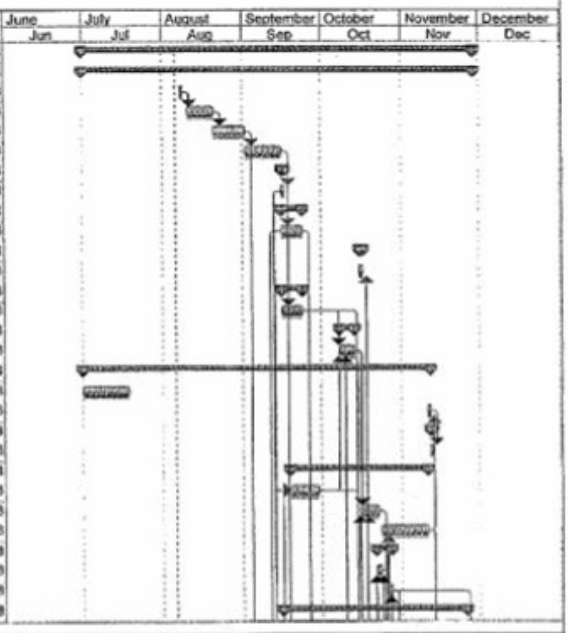
Page 1

NTERYX
34175 Ardenwood Dr.
Fremont, CA

CODY/BROCK, INC.
997 CENTER STREET
SAN CARLOS, CA 94070
650 591-0757
EXHIBIT E

CODY|BROCK
GENERAL CONTRACTORS

ID	Task Name	Duration	Start	Finish
1	PROJECT	109 days	Tue 7/1/08	Fri 11/28/08
2	PHASE 2	109 days	Tue 7/1/08	Fri 11/28/08
3	Final bid documents(including structural)	1 day	Fri 8/8/08	Fri 8/8/08
4	Bid Preparation	8 days	Mon 8/11/08	Wed 8/20/08
5	Design Build Plan Preparation	8 days	Thu 8/21/08	Mon 9/1/08
6	City of Freemont Building Permit	10 days	Tue 9/2/08	Mon 9/15/08
7	HARD DEMOLITION	1 day	Tue 9/16/08	Tue 9/16/08
8	saw cut	1 day	Tue 9/16/08	Tue 9/16/08
9	SOFT DEMOLITION	6 days	Tue 9/16/08	Tue 9/23/08
10	removal walls, ceilings, flooring	6 days	Tue 9/16/08	Tue 9/23/08
11	CONCRETE	1 day	Thu 10/16/08	Thu 10/16/08
12	trench patching	1 day	Thu 10/16/08	Thu 10/16/08
13	ROUGH CARPENTRY	6 days	Tue 9/16/08	Tue 9/23/08
14	board room infill	6 days	Tue 9/16/08	Tue 9/23/08
15	INSULATION	4 days	Wed 10/8/08	Mon 10/13/08
16	walls & ceilings	4 days	Wed 10/8/08	Mon 10/13/08
17	DOORS/FRAMES/HARDWARE	96 days	Tue 7/1/08	Tue 11/11/08
18	lead time	14 days	Tue 7/1/08	Fri 7/18/08
19	installation	1 day	Tue 11/11/08	Tue 11/11/08
20	GLASS & GLAZING	1 day	Wed 11/12/08	Wed 11/12/08
21	sidelight glass	1 day	Wed 11/12/08	Wed 11/12/08
22	METAL STUD FRAMING/SHEETROCK	37 days	Fri 9/19/08	Mon 11/10/08
23	framing	7 days	Fri 9/19/08	Mon 9/29/08
24	sheetrock	5 days	Thu 10/16/08	Wed 10/22/08
25	finish	12 days	Fri 10/24/08	Mon 11/10/08
26	ACOUSTICAL CEILING REPAIR	4 days	Wed 10/22/08	Mon 10/27/08
27	grid repair	2 days	Wed 10/22/08	Thu 10/23/08
28	tile drop	1 day	Mon 10/27/08	Mon 10/27/08
29	FLOORING	51 days	Tue 9/16/08	Tue 11/25/08



Project: Prelim Schedule Phase #2
Data: Wed 8/6/08

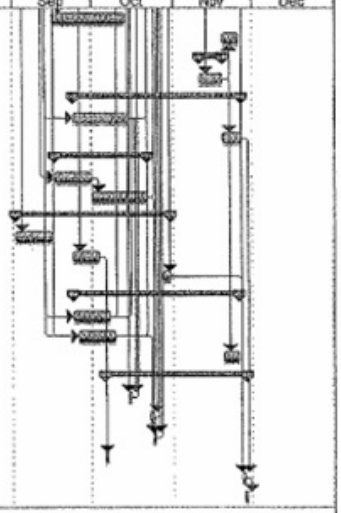
Page 1

NTERYX
34175 Ardenwood Dr.
Fremont, CA

CODY/BROCK, INC.
967 CENTER STREET
SAN CARLOS, CA 94070
650 591-0757
EXHIBIT E

CODY|BROCK
GENERAL CONTRACTORS

ID	Task Name	Duration	Start	Finish
30	lead time	20 days	Tue 9/16/08	Mon 10/13/08
31	installation	4 days	Thu 11/20/08	Tue 11/25/08
32	**PAINTING**	**7 days**	**Tue 11/11/08**	**Wed 11/19/08**
33	prep & paint	7 days	Tue 11/11/08	Wed 11/19/08
34	**PLUMBING**	**46 days**	**Wed 9/24/08**	**Wed 11/26/08**
35	rough	15 days	Wed 9/24/08	Tue 10/14/08
36	trim	5 days	Thu 11/20/08	Wed 11/26/08
37	**HVAC**	**25 days**	**Wed 9/17/08**	**Tue 10/21/08**
38	measure & fabrication	10 days	Wed 9/17/08	Tue 9/30/08
39	installation	15 days	Wed 10/1/08	Tue 10/21/08
40	**FIRE SPRINKLERS**	**43 days**	**Tue 9/2/08**	**Thu 10/30/08**
41	plans & permit submittal	10 days	Tue 9/2/08	Mon 9/15/08
42	rough in	8 days	Wed 9/24/08	Fri 10/3/08
43	trim	3 days	Tue 10/28/08	Thu 10/30/08
44	**ELECTRICAL**	**45 days**	**Wed 9/24/08**	**Tue 11/25/08**
45	rough walls	10 days	Wed 9/24/08	Tue 10/7/08
46	above grid	10 days	Fri 9/26/08	Thu 10/9/08
47	trim	4 days	Thu 11/20/08	Tue 11/25/08
48	**INSPECTIONS**	**40 days**	**Mon 10/6/08**	**Fri 11/28/08**
49	rough	1 day	Wed 10/15/08	Wed 10/15/08
50	sheetrock screw	1 day	Thu 10/23/08	Thu 10/23/08
51	above grid	1 day	Fri 10/24/08	Fri 10/24/08
52	above grid fire	1 day	Mon 10/6/08	Mon 10/6/08
53	fire final	1 day	Thu 11/27/08	Thu 11/27/08
54	building final	1 day	Fri 11/28/08	Fri 11/28/08

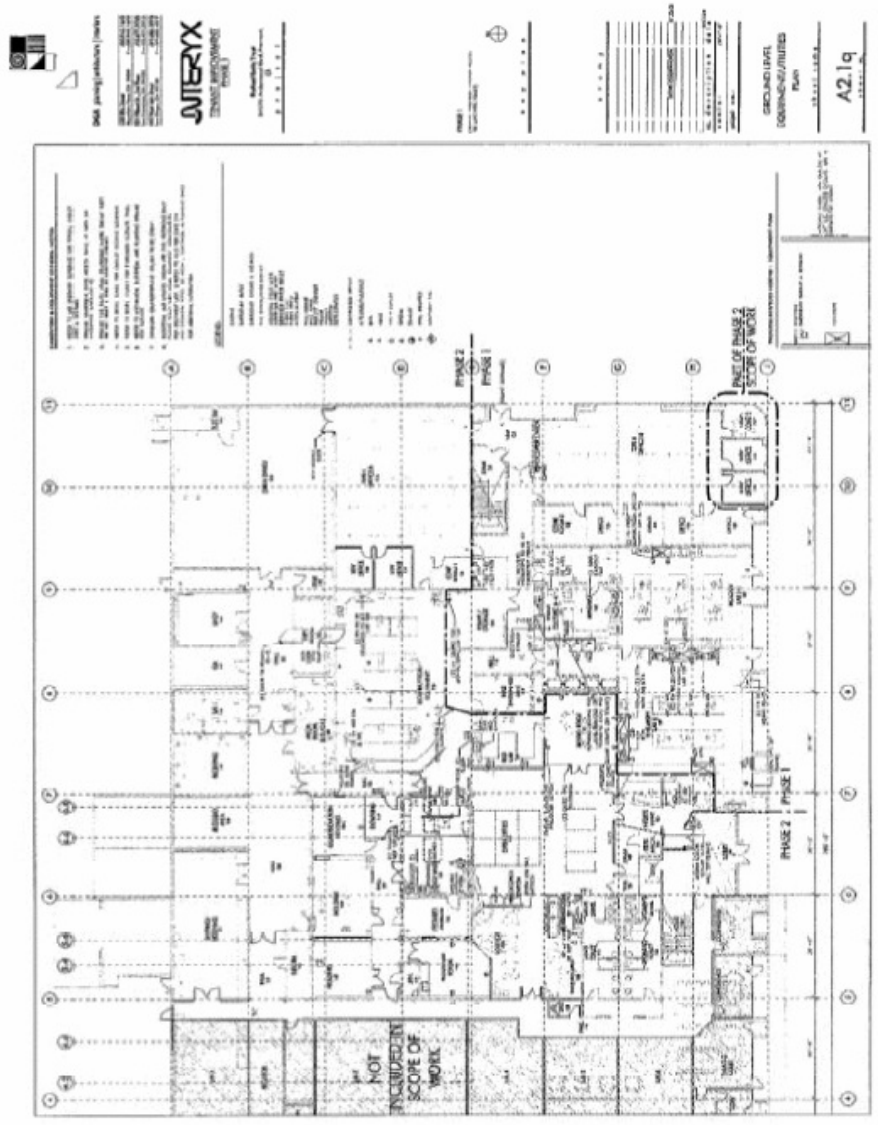


Project: Prelim Schedule Phase #2
Date: Wed 8/6/08

B-1-4

ATTACHMENT 2 TO EXHIBIT B

TENANT WORK PLANS



ATTACHMENT 3 TO EXHIBIT B

BUDGET

Tarlton Properties, Inc. Summary Sheet

C:\Documents and Settings\jjohnson\Local Settings\Temporary Internet Files\OLK7B\Nteryx Budget Analysis 6Aug08 (2).xls Sheet 1

Project:	Nteryx Tenant Improvement
Project Address:	34175 Ardenwood Blvd., Fremont, CA
Contractor:	Cody Brock
Budget Basis:	DGA Drawings & Subsequent Meetings/Phone Conversations
Construction Area:	27,620 SF

Category	Sub-Total	Cost Per SF
Cody Brock Budget DTD 6/25/08	1,179,185	42.69
Sub-Total Hard Costs & Projected GMP	1,179,185	42.69
Contingency for Project Generated CO's (DD to CD; CD to CO @ 5%)	58,959	2.13
Allowance for Purchase & Installation of Cage Wash (refurb. unit with warr.)	60,000	2.17
Permits/Fees (Allowance) **	17,688	0.64
Architectural & Engineering ***	106,127	3.84
Construction Management ****	61,907	2.24
TOTAL	1,483,866	53.72

** Estimate (pending requirement/cost of outside plan check)
*** NIC any add for increased scope (DGA not available for confirmation at time of publication)
**** Calculated at 5% of hard costs, per LOL This fee is for the coordination and oversight of the entire process, including entitlements, etc.

EXHIBIT C-1

ACKNOWLEDGEMENT OF PHASE 1 TERM COMMENCEMENT DATE
AND TERM EXPIRATION DATE

THIS ACKNOWLEDGEMENT OF PHASE 1 TERM COMMENCEMENT DATE AND TERM EXPIRATION DATE is entered into as of [_____], 20[__], with reference to that certain Lease (the "Lease") dated as of August 8, 2008, by NTERYX, INC., a Delaware corporation ("Tenant"), in favor of 34175 ARDENWOOD VENTURE, LLC, a Delaware limited liability company ("Landlord"). All capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.

Tenant hereby confirms the following:

1. Tenant accepted possession of the Phase 1 Premises on [_____], 20[__].

2. To Tenant's actual knowledge, the Phase 1 Premises are in good order, condition and repair.

3. The Phase 1 Tenant Improvements required to be constructed by Landlord under the Lease have been substantially completed.

4. All conditions of the Lease to be performed by Landlord as a condition to the full effectiveness of the Lease with respect to the Phase 1 Premises have been satisfied, and Landlord has fulfilled all of its duties in the nature of inducements offered to Tenant to lease the Phase 1 Premises.

5. In accordance with the provisions of Section 4.2 of the Lease, the Phase 1 Term Commencement Date is [_____], 20[__], and, unless the Lease is terminated prior to the Term Expiration Date pursuant to its terms, the Term Expiration Date shall be [_____], 20[__].

6. Tenant commenced occupancy of the Phase 1 Premises for the Permitted Use on [_____], 20[__].

7. The Lease is in full force and effect, and the same represents the entire agreement between Landlord and Tenant concerning the Premises [, except [_____]].

8. Tenant has no existing defenses against the enforcement of the Lease by Landlord, and there exist no offsets or credits against Rent owed or to be owed by Tenant.

9. The obligation to pay Rent is presently in effect with respect to the Phase 1 Premises and all Rent obligations on the part of Tenant under the Lease with respect to the Phase 1 Premises commenced to accrue on [_____], 20[__].

10. The undersigned Tenant has not made any prior assignment, transfer, hypothecation or pledge of the Lease or of the rents thereunder or sublease of the Premises or any portion thereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Tenant has executed this Acknowledgment of Phase 1 Term Commencement Date and Term Expiration Date as of the date first written above.

TENANT:

NTERYX, INC.,
a Delaware corporation

By: _____
Name:
Title:

EXHIBIT C-2

ACKNOWLEDGEMENT OF PHASE 2 TERM COMMENCEMENT DATE

THIS ACKNOWLEDGEMENT OF PHASE 2 TERM COMMENCEMENT DATE is entered into as of [_____], 20[__], with reference to that certain Lease (the "Lease") dated as of August 8, 2008, by NTERYX, INC., a Delaware corporation ("Tenant"), in favor of 34175 ARDENWOOD VENTURE, LLC, a Delaware limited liability company ("Landlord"). All capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.

Tenant hereby confirms the following:

1. Tenant accepted possession of the Phase 2 Premises on [_____], 20[__].

2. To Tenant's actual knowledge, the Premises are in good order, condition and repair.

3. The Tenant Improvements required to be constructed by Landlord under the Lease have been substantially completed.

4. All conditions of the Lease to be performed by Landlord as a conditions to the full effectiveness of the Lease have been satisfied, and Landlord has fulfilled all of its duties in the nature of inducements offered to Tenant to lease the Premises.

5. In accordance with the provisions of Section 4.2 of the Lease, the Phase 2 Term Commencement Date is [_____], 20[__].

6. Tenant commenced occupancy of the Phase 2 Premises for the Permitted Use on [_____], 20[__].

7. The Lease is in full force and effect, and the same represents the entire agreement between Landlord and Tenant concerning the Premises [, except [_____]].

8. Tenant has no existing defenses against the enforcement of the Lease by Landlord, and there exist no offsets or credits against Rent owed or to be owed by Tenant.

9. The obligation to pay Rent is presently in effect with respect to the Premises and all Rent obligations on the part of Tenant under the Lease with respect to the Phase 2 Premises commenced to accrue on [_____], 20[__].

10. The undersigned Tenant has not made any prior assignment, transfer, hypothecation or pledge of the Lease or of the rents thereunder or sublease of the Premises or any portion thereof.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Tenant has executed this Acknowledgment of Phase 2 Term Commencement Date as of the date first written above.

TENANT:

NTERYX, INC.,
a Delaware corporation

By: _____
Name:
Title:

EXHIBIT D

FORM OF ADDITIONAL TI ALLOWANCE ACCEPTANCE LETTER

[TENANT LETTERHEAD]

34175 Ardenwood Venture, LLC
17190 Bernardo Center Drive
San Diego, California 92128
Attn: General Counsel/Real Estate

[Date]

Re: Additional TI Allowance

To Whom It May Concern:

This letter concerns that certain Lease dated as of August 8, 2008 (the "Lease"), between 34175 Ardenwood Venture, LLC ("Landlord"), and Nteryx, Inc. ("Tenant"). Capitalized terms not otherwise defined herein shall have the meanings given them in the Lease.

Tenant hereby notifies Landlord that it wishes to exercise its right to utilize the Additional TI Allowance in the amount of [_____] Dollars ($[_____]) pursuant to Section 4.6 of the Lease.

If you have any questions, please do not hesitate to call [_____] at ([_____]) [_____]-[_____].

Sincerely,

[Name]
[Title of Authorized Signatory]

cc: Greg Lubushkin
John Bonanno
Kevin Simonson

EXHIBIT E

FORM OF LETTER OF CREDIT

[On letterhead or LIC letterhead of Issuer.]

LETTER OF CREDIT

Date: _____, 200__

_____ (the "Beneficiary")
_____
_____
Attention: _____
L/C. No.: _____
Loan No.: _____ :

Ladies and Gentlemen:

We establish in favor of Beneficiary our irrevocable and unconditional Letter of Credit numbered as identified above (the "L/C") for an aggregate amount of $_____, expiring at __:00 p.m. on _____ or, if such day is not a Banking Day, then the next succeeding Banking Day (such date, as extended from time to time, the "Expiry Date"). "Banking Day" means a weekday except a weekday when commercial banks in _____ are authorized or required to close.

We authorize Beneficiary to draw on us (the "Issuer") for the account of _____ (the "Account Party"), under the terms and conditions of this L/C.

Funds under this L/C are available by presenting the following documentation (the "Drawing Documentation"): (a) the original LIC and (b) a sight draft substantially in the form of Attachment 1, with blanks filled in and bracketed items provided as appropriate. No other evidence of authority, certificate, or documentation is required.

Drawing Documentation must be presented at Issuer's office at _____ on or before the Expiry Date by personal presentation, courier or messenger service, or fax. Presentation by fax shall be effective upon electronic confirmation of transmission as evidenced by a printed report from the sender's fax machine. After any fax presentation, but not as a condition to its effectiveness, Beneficiary shall with reasonable promptness deliver the original Drawing Documentation by any other means. Issuer will on request issue a receipt for Drawing Documentation.

We agree, irrevocably, and irrespective of any claim by any other person, to honor drafts drawn under and in conformity with this L/C, within the maximum amount of this L/C, presented to us on or before the Expiry Date, provided we also receive (on or before the Expiry Date) any other Drawing Documentation this L/C requires.

We shall pay this L/C only from our own funds by check or wire transfer, in compliance with the Drawing Documentation.

If Beneficiary presents proper Drawing Documentation to us on or before the Expiry Date, then we shall pay under this L/C at or before the following time (the "Payment Deadline"): (a) if presentment is made at or before noon of any Banking Day, then the close of such Banking Day; and (b) otherwise, the close of the next Banking Day. We waive any right to delay payment beyond the Payment Deadline. If we determine that Drawing Documentation is not proper, then we shall so advise Beneficiary in writing, specifying all grounds for our determination, within one Banking Day after the Payment Deadline.

Partial drawings are permitted. This L/C shall, except to the extent reduced thereby, survive any partial drawings.

We shall have no duty or right to inquire into the validity of or basis for any draw under this L/C or any Drawing Documentation. We waive any defense based on fraud or any claim of fraud.

The Expiry Date shall automatically be extended by one year (but never beyond _____ the "Outside Date") unless, on or before the date 60 days before any Expiry Date, we have given Beneficiary notice that the Expiry Date shall not be so extended (a "Nonrenewal Notice"). We shall promptly upon request confirm any extension of the Expiry Date under the preceding sentence by issuing an amendment to this L/C, but such an amendment is not required for the extension to be effective. We need not give any notice of the Outside Date.

Beneficiary may from time to time without charge transfer this L/C, in whole but not in part, to any transferee (the "Transferee"). Issuer shall look solely to Account Party for payment of any fee for any transfer of this L/C. Such payment is not a condition to any such transfer. Beneficiary or Transferee shall consummate such transfer by delivering to Issuer the original of this L/C and a Transfer Notice substantially in the form of Attachment 2, purportedly signed by Beneficiary, and designating Transferee. Issuer shall promptly reissue or amend this L/C in favor of Transferee as Beneficiary. Upon any transfer, all references to Beneficiary shall automatically refer to Transferee, who may then exercise all rights of Beneficiary. Issuer expressly consents to any transfers made from time to time in compliance with this paragraph.

Any notice to Beneficiary shall be in writing and delivered by hand with receipt acknowledged or by overnight delivery service such as FedEx (with proof of delivery) at the above address, or such other address as Beneficiary may specify by written notice to Issuer. A copy of any such notice shall also be delivered, as a condition to the effectiveness of such notice, to: _____ (or such replacement as Beneficiary designates from time to time by written notice).

No amendment that adversely affects Beneficiary shall be effective without Beneficiary's written consent.

This L/C is subject to and incorporates by reference: (a) the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500 (the "UCP"); and (b) to the extent not inconsistent with the UCP, Article 5 of the Uniform Commercial Code of the State of New York.

Very truly yours,

[Issuer Signature]

ATTACHMENT 1 TO EXHIBIT E

FORM OF SIGHT DRAFT

[BENEFICIARY LETTERHEAD]

TO:

[Name and Address of Issuer]

SIGHT DRAFT

AT SIGHT, pay to the Order of _____, the sum of _____ United States Dollars ($_____). Drawn under [Issuer] Letter of Credit No._____ dated _____.

[Issuer is hereby directed to pay the proceeds of this Sight Draft solely to the following account: _____.

[Name and signature block, with signature or purported signature of Beneficiary]

Date: _____

ATTACHMENT 2 TO EXHIBIT E

FORM OF TRANSFER NOTE

[BENEFICIARY LETTERHEAD]

TO:

[Name and Address of Issuer] (the "Issuer")

TRANSFER NOTICE

By signing below, the undersigned, Beneficiary (the "Beneficiary") under Issuer's Letter of Credit No. _____ dated _____ (the "L/C"), transfers the L/C to the following transferee (the "Transferee"):

[Transferee Name and Address]

The original L/C is enclosed. Beneficiary directs Issuer to reissue or amend the L/C in favor of Transferee as Beneficiary. Beneficiary represents and warrants that Beneficiary has not transferred, assigned, or encumbered the L/C or any interest in the L/C, which transfer, assignment, or encumbrance remains in effect.

[Name and signature block, with signature or purported signature of Beneficiary]

Date: _____

EXHIBIT F

RULES AND REGULATIONS

NOTHING IN THESE RULES AND REGULATIONS ("RULES AND REGULATIONS") SHALL SUPPLANT ANY PROVISION OF THE LEASE. IN THE EVENT OF A CONFLICT OR INCONSISTENCY BETWEEN THESE RULES AND REGULATIONS AND THE LEASE, TIE LEASE SHALL PREVAIL.

1. Except as specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside of the Premises or the Building without Landlord's prior written consent. Landlord shall have the right to remove, at Tenant's sole cost and expense and without notice, any sign installed or displayed in violation of this rule.

2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises or placed on any windowsill, which window, door or windowsill is (a) visible from the exterior of the Premises and (b) not included in plans approved by Landlord, then Tenant shall promptly remove said curtains, blinds, shades, screens or hanging plants or other similar objects at its sole cost and expense.

3. Tenant shall not obstruct any sidewalks or entrances to the Building, or any halls, passages, exits, entrances or stairways within the Premises, in any case that are required to be kept clear for health and safety reasons.

4. No deliveries shall be made that impede or interfere with other tenants in or the operation of the Project.

5. Tenant shall not place a load upon any floor of the Premises that exceeds the load per square foot that (a) such floor was designed to carry or (b) that is allowed by Applicable Laws. Fixtures and equipment that cause noises or vibrations that may be transmitted to the structure of the Building to such a degree as to be objectionable to other tenants shall be placed and maintained by Tenant, at Tenant's sole cost and expense, on vibration eliminators or other devices sufficient to eliminate such noises and vibrations to levels reasonably acceptable to Landlord and other tenants of the Building.

6. Tenant shall not use any method of heating or air conditioning other than that shown in the Tenant Improvement plans.

7. Tenant shall not install any radio, television or other antenna, cell or other communications equipment, or any other devices on the roof or exterior walls of the Premises except to the extent shown on approved Tenant Improvements plans. Tenant shall not interfere with radio, television or other communications from or in the Premises or elsewhere.

8. Canvassing, peddling, soliciting and distributing handbills or any other written material within, on or around the Project (other than within the Premises) are prohibited, and Tenant shall cooperate to prevent such activities.

9. Tenant shall store all of its trash, garbage and Hazardous Materials within its Premises or in designated receptacles outside of the Premises. Tenant shall not place in any such receptacle any material that cannot be disposed of in the ordinary and customary manner of trash, garbage and Hazardous Materials disposal.

10. The Premises shall not be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted on the Premises; provided, however, that Tenant may use (a) equipment approved in accordance with the requirements of insurance policies that Landlord or Tenant is required to purchase and maintain pursuant to the Lease for brewing coffee, tea, hot chocolate and similar beverages, (b) microwave ovens for employees' use and (c) equipment shown on Tenant Improvement plans approved by Landlord; provided, further, that any such equipment and microwave ovens are used in accordance with Applicable Laws.

11. Tenant shall not, without Landlord's prior written consent, use the name of the Project, if any, in connection with or in promoting or advertising Tenant's business except as Tenant's address.

12. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any Governmental Authority.

13. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage, which responsibility includes keeping doors locked and other means of entry to the Premises closed.

14. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project, including Tenant.

15. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms covenants, agreements and conditions of the Lease.

16. Landlord reserves the right to make such other and reasonable rules and regulations as, in its judgment, may from time to time be needed for safety and security, the care and cleanliness of the Project, or the preservation of good order therein; provided, however, that Landlord shall provide written notice to Tenant of such rules and regulations prior to them taking effect. Tenant agrees to abide by these Rules and Regulations and any additional rules and regulations issued or adopted by Landlord.

17. Tenant shall be responsible for the observance of these Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

EXHIBIT G-1

PHASE 1 TENANT IMPROVEMENTS

July 31, 2008

John Tarlton
Tarlton Properties
955 Alma Ave.
Palo Alto, CA

Re: NTERYX
34175 Ardenwood Blvd.
Fremont, CA

PHASE #1

OPEN OFFICE AREA B:

ACOUSTICAL CEILING:

1 Remove and replace misc. acoustical ceiling tiles to accommodate installation of new HVAC and electrical.

PAINTING:

1 Not to be done until phase #2

HVAC:

2 Furnish and install (1) new dual duct VAV zone for corner office.

3 Furnish and install (3) new supply registers.

4 Furnish and install (3) new return air registers.

5 Furnish and install new ducting to accommodate new private offices.

ELECTRICAL:

1 Furnish and install power to new VAV box for (3) future private offices.

AREA #3 BIOLOGY LAB/IMAGING/TISSUE CULTURE:

HARD DEMOLITION:

1 None.

SOFT DEMOLITION:

1 Remove and salvage existing hoods for relocation.

LAB CASEWORK:

1 Furnish and install (1) new end panel at existing lab millwork.

DOORS/FRAMES/HARD WARE:

1 Furnish and install black out film at existing imaging room door window.

ACOUSTICAL CEILINGS:

1 Furnish and install new vinyl rock ceiling tiles to be set in existing ceiling grid at tissue culture.

2 Remove and replace misc. ceiling tile to accommodate plumbing, HVAC & electrical.

PAINT:

1 Paint existing walls (1) coat to match existing.

HOODS:

1 Relocate (1) existing 5'fume hood from Bioanalytical Lab 139.

PLUMBING:

1 Furnish and install new CDA only at relocated 5'fume hood.

HVAC:

1 Provide once through exhaust in tissue culture.

2 Furnish and install (1) new cooling only VAV box above Equip/Storage 123.

3 Furnish and install new ducting as necessary for new VAV boxes.

4 Furnish misc. ducting as necessary to accommodate new fume hood.

FIRE SPRINKLERS:

1 Furnish and install new fire sprinkler head at relocated fume hood.

2 Furnish and install missing trim at existing fire sprinkler heads.

ELECTRICAL:

1 Furnish and install power for (1) relocated fume hood.

2 Furnish and install power to (2) new incubator in tissue culture.

3 Furnish and install power to (2) -20 freezers in biology lab.

4 Furnish and install power to (1) new 4° refrigerator in biology lab.

5 Provide emergency power as necessary for (2) -20 freezers, (1) 4 refrigerator and (2) incubator located in tissue culture room.

6 Furnish and install power to (2) -80 freezers in equip./storage room.

7 Provide emergency power as necessary for (2) -80 freezers in equip./storage.

AREA #4 CHEMISTRY LAB/SOLVENTS:

SOFT DEMOLITION:

1 Misc. wall penetrations to allow installation of new plumbing, HVAC and electrical.

DOORS/FRAMES/HARDWARE Omit:

METAL STUD FRAMING/SHEETROCK:

1 None

ACOUSTICAL CEILING:

1 Remove and replace misc. acoustical ceiling tiles as necessary to accommodate installation of plumbing, HVAC and electrical as necessary.

FLOORING:

1 None

PAINTING:

1 Paint existing walls affected by construction (1) coat to nearest break point.

HOODS:

1 Install relocated (2) relocated hoods from Biology Lab.

2 Furnish and install (2) new 8' hoods 3600 cfm (supply/exhaust volume based on 18" sash height).

3 Furnish and install (2) 6' hoods 2250 cfm.

PLUMBING:

1 Furnish and install CDA, N2 and Vacuum to all hoods as indicated on plans.

2 Provide automatic change over panel and manifold for N2 dewers.

3 Furnish and install CDA, N2 and VAC at (1) location along perimeter wall at line 7J.

HVAC:

1 Furnish and install new ducting as necessary to (2) relocated hoods.

2 Furnish and install new ducting as necessary to (4) new hoods.

3 Furnish and install 4” snorkel/50 cfm with blast gate at ceiling at grid line 7J.

4 Furnish and install 450 cfm supply air and 500 exhaust. Provide new supply air and exhaust as required for new loads.

5 Provide 4” 25 cfm blast gate at ceiling for non-combustible vent (connection to chemical cabinets by tenant) between grid lines G&F line 8 there will be (4) individual dampers and aluma flex drops, from the ceiling (1) for each solvent cabinet.

FIRE SPRINKLERS:

1 Furnish and install new fire sprinklers in fume hoods.

ELECTRICAL:

1 Safe off and remove existing wire mold as necessary.

2 Furnish and install power to (2) relocate hoods as necessary.

3 Furnish and install power to (4) new hoods as necessary.

4 Furnish and install power to (1) new 4° refrigerator and (1) -20 freezer.

5 Furnish and install emergency power for (1) 4° refrigerator and (1) -20 freezer.

6 Furnish and install misc. power as needed for HVAC.

7 Furnish and install (1) 220v 15-amp single phase dedicated receptacle at line 7J.

NMR ROOM:

ELECTRICAL:

1 Furnish and install power for Varian 400 MHz in NMR room.

SERVER ROOM 102:

DOORS/FRAMES/HARDWARE:

1 Furnish and install (1) new 3/X9’ solid core wood door to be set in aluminum frame with “L” series locking hardware at server room 102.

METAL STUD FRAMING/SHEETROCK:

1 Frame new server room walls using 3-5/8” metal studs.
2 Furnish and install 5/8” type X sheetrock one side only.
3 Finish on newly installed sheetrock to match existing building texture.

HVAC:

1 Provide (1) 1.5-ton move and cool portable unit for rent. We will need to provide a condensate drain or the tenant will have to empty the condensate tank on daily basis.

2 Provide ventilation to remove condensing heat into open office area.

ELECTRICAL:

1 Furnish and install power as necessary for server room. Currently we have included (10) dedicated 120v circuits.

2 Provide power for portable 1.5-ton move and cool HVAC unit at server room.

EXHIBIT G-2

PHASE 2 TENANT IMPROVEMENTS

July 30, 2008

John Tarlton
Tarlton Properties
955 Alma Ave.
Palo Alto, CA

Re: NTERYX
34175 Ardenwood Blvd.
Fremont, CA

PHASE #2

AREA #1 OPEN OFFICE A 135:

SOFT DEMOLITION:

1 Cut in (1) new double door opening in existing wall between open office 135 & open office 143

2 Remove misc. acoustical ceiling tiles as necessary to accommodate new penetrating walls at (2) new private offices # 137 & 138.

INSULATION:

1 Furnish and install new R-13 unfaced batt insulation at new offices #137 & 138.

DOORS/FRAMES/HARDWARE:

1 Furnish and install (1) new pair of 6'x9' solid core non rated wood doors to be set in new aluminum frame with "L" series hardware to match existing.

2 Furnish and install (2) new 3'x9' solid core non rated wood doors to be set in new aluminum frame with 7'x9' side lights and "L" series hardware at private offices #137 & 138 to match existing.

GLASS & GLAZING:

1 Furnish and install (2) new 7'x9'x1/4" clear tempered glazing to be set in newly installed aluminum frames at offices 137 & 138.

METAL STUD FRAMING/SHEETROCK:

1 Frame approx. 45lf of new private office through grid walls using 3-5/8" metal studs.

2 Frame (1) new double door opening in existing wall between open offices 143 & 135.

3 Install new 5/8' Type X sheetrock on newly framed walls.

4 Finish wall to match existing building standard texture.

ACOUSTICAL CEILING:

1 Patch existing grid as necessary at new penetrating office walls at offices 137 & 138.

2 Replace ceiling tiles as necessary at newly patched ceiling grid at offices 137 & 138.

FLOORING:

1 Furnish and install new 4" rubber wall base at newly constructed private offices 137 & 138.

PAINTING:

1 Paint new Office walls (2) coats.

2 Paint existing walls affected by construction to nearest break point (1) coat.

3 Misc. paint touch up.

PLUMBING:

1 None

HVAC

1 Tie into existing system and install supply and return ducting as necessary

2 Furnish and install new supply and return air registers as needed in Private Offices.

3 Relocate existing duct work to accommodate new office layout.

4 Relocate existing supply and return air registers as necessary.

FIRE SPRINKLERS:

1 Relocate existing fire sprinkler heads as necessary.

2 Furnish and install new fire sprinkler heads to accommodate new office layout.

ELECTRICAL:

1 Relocate lighting as necessary.

2 Furnish and install new 2x4 lighting fixtures to match existing as closely as possible in Private Offices.

3 Furnish and install new switching as necessary for new Private Offices.

4 Re-work switching as necessary to accommodate new office layout.

5 Furnish and install new duplex receptacles and data ring and string outlets at private offices 137 & 138.

<u>OPEN OFFICE AREA B:</u>

SOFT DEMOLITION:

1 Remove existing glass and associated frame to allow construction of new private offices.

2 Remove misc. acoustical ceiling tiles and grid to accommodate construction of (3) new offices with penetrating walls.

INSULATION:

1 Furnish and install R-13 unfaced batts insulation at newly constructed private office wall.

DOORS/FRAMES/HARDWARE:

1 Furnish and install (1) new 3'x9' aluminum frame with 2'x9' sidelight at existing private office 129.

2 Furnish and install (2) new 3'x9' solid core non rated wood doors to be set in new aluminum frames with 5'x9' sidelights and "L" series hardware at private offices 130 & 131.

3 Furnish and install (1) new 3'x9' solid core non rated wood door to be set in new aluminum frame with 4'x9' sidelight and "L" series hardware at conference room 3 room #132.

GLASS & GLAZING:

1 Furnish and install (2) 5'x9'x1/4" clear tempered glass to be set in aluminum frames at offices 130 & 131.

2 Furnish and install (1) 4'x9'x1/4" clear tempered glass to be set in aluminum frames at conference room 3 #132.

3 Furnish and install (1) 2'x9'x1/4" clear tempered glass to be set in aluminum frame at existing office #129.

METAL STUD FRAMING/SHEETROCK:

1 Frame approx. 65lf of new through grid walls to create (3) new private offices using 3-5/8" metal studs.

2 Install new 5/8" type X sheetrock on newly framed walls.

3 Patch misc. demolition scars as necessary.

4 Finish on new sheetrock and scars to match existing texture as closely as possible.

ACOUSTICAL CEILING:

1 Patch misc. grid system where new wall penetrate at offices 130, 131 & 132.

2 Remove and replace misc. acoustical ceiling tiles as necessary to accommodate walls, HVAC, fire sprinklers and electrical.

FLOORING:

1 Furnish and install approx. 130lf of new 4" rubber wall base at newly created private offices.

PAINTING:

1 Paint new office walls (2) coats.

2 Paint existing office walls (1) coat.

HVAC:

1 New VAV box to be installed during Phase #1.

2 Furnish and install (1) new dual duct VAV zone for corner office.

3 Furnish and install (3) new supply registers.

4 Furnish and install (3) new return air registers.

5 Furnish and install new ducting to accommodate new private offices.

FIRE SPRINKLERS:

1 Relocate existing fire sprinkler heads to accommodate new office layout.

3 Furnish and install new fire sprinkler heads as necessary to accommodate new office layout.

ELECTRICAL:

1 Furnish and install 2x4 parabolic light fixtures to match existing as closely as possible in new private offices.

2 Relocate existing lighting fixtures to accommodate new office layout.

3 Furnish and install (7) new duplex receptacles.

4 Furnish and install (6) new ring and string outlets.

5 Re-work switching as necessary to accommodate new office layout.

6 Furnish and install new switching as necessary for new Private Offices.

AREA #5 BIOANALYTICAL/RAD:

SOFT DEMOLITION:

1 Remove approx. 30lf of existing angled wall between new RAD lab and open office 105.

2 Remove misc. acoustical ceiling grid as necessary to allow construction of through grid wall between RAD lab and open office 105.

CASEWORK:

1 Furnish and install approx. 166sf of new lower cabinets with countertops at RAD Lab.

2 Modify existing cabinets as necessary where hoods are to be removed.

INSULATION:

1 Furnish and install R-13 unfaced batts insulation at newly constructed RAD lab wall.

DOORS/FRAMES/HARDWARE:

1 Furnish and install electrified hardware at RAD Lab.

METAL STUD FRAMING/SHEETROCK

1 Frame approx. 29lf of new through grid wall between RAD lab and open office 105.

2 Install new 5/8" type X sheetrock on newly framed walls.

3 Patch misc. demolition scars as necessary.

4 Finish on new sheetrock and scars to match existing texture as closely as possible.

ACOUSTICAL CEILING:

1 Patch existing grid as necessary at new penetrating wall between RAD lab and open office 105.

2 Remove and replace misc. acoustical ceiling tiles as necessary to accommodate walls and plumbing.

FLOORING:

1 Furnish and install approx. 60lf of new 4" rubber wall base at newly constructed wall at RAD lab.

PAINTING:

1 Paint new walls (2) coats throughout.

2 Paint existing walls (1) coat throughout.

3 Minor paint touch up.

PLUMBING:

1 Furnish and install new sink in RAD Lab including water and waste lines, waste to drain into existing floor sink.

2 Furnish and install new CDA and VAC lines in (2) locations in RAD lab.

3 Furnish and install new N2 piping to (2) existing benches in Bioanalytical room.

4 Bench dewers to be located inside equipment/storage at existing N2 pipe manifold in room 123.

5 Furnish and install CDA and VAC lines to existing fume hood in bioanalytical room.

HVAC:

1 Furnish and install 4" at 50 cfm to (3) snorkel exhaust. HPLC vent header (closed system) by tenant, layout.

2 Convert freezer room to 2-8°c room 141.

FIRE SPRINKLERS:

1 Furnish and install new fire sprinklers to existing fume hoods.

ELECTRICAL:

1 Provide power for card reader in RAD Lab.

AREA #6 VIVARIUM 156-165

HARD DEMOLITION:

1 Saw cut break and remove concrete as necessary for plumbing.

SOFT DEMOLITION:

1 Remove existing walls as necessary.

2 Remove existing flooring throughout.

3 Remove existing rubber wall base.

4 Remove existing ceiling throughout.

5 Remove and salvage existing doors as necessary.

6 Misc. demolition as necessary.

7 Bead blast to remove existing epoxy flooring.

CONCRETE:

1 Patch misc. plumbing trenches as necessary.

INSULATION:

1 Furnish and install insulation in new walls.

2 Furnish and install insulation to existing walls at quar/isolation, all holding rooms and procedure rooms if not already existing.

ROOFING:

DOORS/FRAMES/HARDWARE:

1 Relocate (1) new pair 6'x9' solid core door set in hollow metal frames.

2 Relocate (2) existing 3'x7' metal doors set in hollow metal frames in Gowning.

3 Re-use existing hardware as necessary.

4 Furnish and install perimeter seal and surface mounted stainless steel auto door bottom for light control at all holding, quar/isolation and procedure rooms.

5 Furnish and install black out film on all door visionlites at holding, quar/isolation and procedure rooms.

METAL STUD FRAMING/SHEETROCK:

1 Frame new walls as necessary using 3-5/8" metal studs.

2 Frame new door openings as necessary using 3-5/8" metal studs.

3 Frame new ceilings using 6" metal stud joists.

4 Install new 5/8" type X sheetrock on newly framed walls and ceilings.

5 Patch misc. demolition scars. Finish on newly installed walls and ceilings to match existing building texture.

FLOORING:

1 Furnish and install moisture barrier in rooms where epoxy paint is bubbling as necessary.

2 Furnish and install self coving sheet vinyl with heat welded seams throughout.

PAINTING:

1 Paint new and existing walls and ceilings throughout with level 4 semi-gloss acrylic epoxy paint.

2 Misc. minor paint touch up.

PLUMBING:

1 Furnish and install new rough plumbing as necessary including waste, hot and cold water, DI water and vent piping as necessary.

2 Remove, cap and relocate existing piping as necessary.

3 Furnish and install necessary valves as necessary.

4 Furnish and install new floor drains as necessary.

5 Furnish and install new floor sinks as necessary.

6 Hook-up autoclave and glasswash only.

7 Relocate existing scullery to staging/cage wash room 165.

8 Furnish and install water and drain lines to ice maker in glass wash 158.

9 Hook-up owner provided washer and dryer in glass wash 158.

10 Furnish and install pluming as necessary for cage washer.

HVAC:

1 Furnish and install low exhaust with filter on exhaust grilles.

2 (10) exhaust intakes size 15 changes per hour.

3 Furnish and install associated galvanized steel ducts as necessary.

4 Furnish and install 1500CFM exhaust for cage wash.

5 Furnish and install (2) low exhaust, filter grilles, 600CFM and galvanized steel exhaust ducts in Procedure Room.

6 Add humidity control to the existing AH-8 area handling system will require control changes to cool the supply air to dehumidify the air stream and a 60KW – 200lbs per your modulating steam humidifier. Review existing air handler installation to verify the concept and design 30 to 70% RH and room temperature 64 to 79 degrees.

7 Makeup air for animal rooms, procedure, cage wash, etc- Reduct AH-8, add (6) HW reheat zones, rebalance AH-8 and cap main ducts from adjacent future tenant, increase outside air from 3800CFM to 600CFM.

FIRE SPRINKLERS:

1 Relocate existing fire sprinkler heads as necessary.

2 Furnish and install new fire sprinkler heads as necessary.

3 Remove misc. fire sprinkler heads as necessary.

4 Adjust existing fire sprinkler heads as necessary to accommodate new sheetrock ceiling.

ELECTRICAL:

1 Safe off for demolition as necessary.

2 Furnish and install new lighting fixtures as necessary to accommodate sheetrock ceiling.

3 Rework existing switching to accommodate new layout.

4 Furnish and install new switching as necessary to accommodate layout.

5 Furnish and install new receptacles as necessary.

6 Install power to glass wash and autoclave.

7 Install power to exhaust fans as necessary.

8 Furnish and install power to (1) under counter -20 freezer in staging/cage wash.

9 Furnish and install emergency power to (1) under counter -20 freezer in staging/cage wash.

10 Furnish and install (1) duplex receptacle at mice/rat changing station in staging/cage wash.

11 Furnish and install automatic individual local time clock lighting controller for each quar/isolation, and all holding and procedure rooms (no emergency lighting in these areas).

AREA #7 OPEN OFFICE/CONFERENCE ROOM 105-109 & 115 (SERVER ROOM 102 to be phase 1):

HARD DEMOLITION:

1 Saw cut as necessary to relocate existing janitors sink.

SOFT DEMOLITION:

1 Remove walls as necessary to create open office.

2 Remove and salvage doors for re-use.

3 Remove existing wall base.

4 Remove misc. sheetrock soffits.

5 Remove existing walls at octagon conference room.

6 Misc. selective demolition.

CONCRETE:

1 Patch misc. plumbing trenches.

ROUGH CARPENTRY:

1 Frame in existing opening between 1st and 2nd floors.

2 Furnish and install new supports for server room condensing unit.

ROOFING:

1 Roof in new roof top condensing unit on roof.

INSULATION:

1 Furnish and install insulation in all new walls.

DOORS/FRAMES/HARDWARE:

1 Furnish and install (1) new pair 6'x9' solid core doors set in new hollow metal frame at lounge 106.

2 Furnish and install new "L" series door hardware as necessary.

GLASS & GLAZING:

1 Remove and relocate existing octagon glass conference room to new conference room location.

METAL STUD FRAMING/SHEETROCK:

1 Frame new server room walls as necessary using 3-5/8" metal studs.

2 Frame approx. 12lf new all to continue a straight line between vivarium and open office area using 3-5/8" metal studs.

3 Frame approx. 11lf of new wall between print/copy station and lounge 106 using 3-5/8" metal studs.

4 Frame approx. 17lf of new wall between break room 107 and lounge 106 using 3-5/8" metal studs.

5 Frame approx. 27lf of new full height wall between lounge 106, seating area 108 and hall 113 using 3-5/8" metal studs.

6 Frame approx. 25lf of new wall at janitors room 109.

7 Install new 5/8" type X sheetrock on newly framed walls.

8 Install new 5/8" type X sheetrock on infilled opening between 1st and 2nd floor as necessary.

9 Patch misc. demolition scars.

10 Finish on all new and existing walls to match existing texture.

ACOUSTICAL CEILING:

1 Furnish and install new acoustical ceiling grid as necessary in open area between 1st and 2nd floor at board room 115.

2 Furnish and install new acoustical ceiling tiles to match existing in newly installed grid.

3 Misc. acoustical ceiling patch as necessary where walls are to be removed.

4 Replace misc. acoustical ceiling tiles as necessary to accommodate HVAC and electrical in open office 105, lounge 106 setting area 108.

5 Furnish and install seismic posts and wires as necessary at newly installed grid.

FLOORING:

1 Furnish and install new carpet tiles over existing flooring throughout.

2 Furnish and install new 4" rubber wall base throughout.

PAINTING:

1 Paint new walls (2) coats throughout.

2 Paint existing walls (1) coat.

3 Minor touch up and patching as necessary.

PLUMBING:

1 Relocate existing janitors sinks as necessary.

2 Furnish and install new condensation lines for server room HVAC equipment as necessary.

3 Furnish and install new cold water lines in break room 107 at (3) locations.

4 Furnish and install (1) new dishwasher in break room 107.

HVAC:

1 Remove and cap existing ductwork as necessary to separate tenants.

2 Furnish and install (4) new HW reheat VAV zones.

3 Reduct existing zones as necessary.

4 Furnish and install (15) supply grilles and (7) return air grilles.

5 Furnish and install new roof top condensing unit.

6 Relocate thermostats as necessary.

7 Furnish and install pneumatic controls.

8 Furnish and install (1) new 1.5 or 1-ton split system to serve server room only per BTU loads provided by tenant.

FIRE SPRINKLERS:

1 Remove existing fire sprinklers as necessary to accommodate new office layout.

2 Furnish and install new fire sprinklers as necessary to accommodate new office layout.

3 Relocate existing fire sprinkler heads as necessary to accommodate new office layout.

ELECTRICAL:

1 Safe off for demolition as necessary.

2 Relocate existing switching as necessary.

3 Furnish and install new switching in conference room as necessary.

4 Furnish and install new lighting in conference room as necessary.

5 Furnish and install (10) dedicated 120v circuits in server room.

6 Furnish and install power to new server room split system including condensing unit.

7 Furnish and install new lighting as necessary.

8 Relocate existing lighting fixtures and display lighting as necessary.

FIRE LIFE SAFETY:

1 Re-work and relocate existing fire life safety devises and wiring as necessary throughout.

ALTERNATIVES:

IN-FILL 1ST FLOOR LOUNGE AREA:

1 Frame in existing opening between 1st & 2nd floors.

CUT IN WINDOW OPENINGS AT EXISTING CONCRETE WALL:

1 Saw-cut openings in existing concrete tilt up wall as necessary.

2 Furnish and install misc. structural steel.

3 Furnish and install new aluminum window system to match existing as closely as possible.

LOBBY

DOORS/FRAMES/HARDWARE:

1 Install salvaged pair double doors, frame and hardware.

2 Furnish and install (1) new 3'x9' solid core door set in frame to match existing lobby double doors.

3 Furnish and install new hardware as necessary.

METAL STUD FRAMING/SHEETROCK:

1 Frame new lobby walls using 3-5/8" metal studs.

2 Install new 5/8" type X sheetrock on newly framed walls.

3 Finish on new walls and demo scars to match existing building finish.

PAINTING:

1 Paint new and existing walls (2) coats.

2 Misc. minor touch up painting.

FIRE SPRINKLERS:

1 Furnish and install new fire sprinklers as necessary to accommodate new office layout.

ELECTRICAL:

1 Relocate switching as necessary.

2 Relocate lighting as necessary.

3 Provide power for relocated card reader at lobby 100.

DEMISING CORRIDOR:

SOFT DEMOLITING:

1 Remove walls and doors as necessary to create new demising corridor.

INSULATION:

1 Furnish and install new wall insulation at demising corridor.

METAL STUD FRAMING/SHEETROCK:

1 Frame new demising corridor using 6" 18ga. Metal studs full height 28'.

2 Install new 5/8" type X sheetrock on newly framed demising corridor.

3 Finish on new sheetrock to match existing building texture.

ACOUSTICAL CEILING:

1 Tie into existing acoustical ceiling system and match as closely as possible.

PAINTING:

1 Paint occupied side of demising corridor (2) coats.

HVAC:

1 Furnish and install new ducting as necessary to accommodate new corridor.

2 Furnish and install new supply and return air registers as necessary.

FIRE SPRINKLERS:

1 Relocate existing fire sprinkler heads as necessary to accommodate new office layout.

2 Furnish and install new fire sprinklers as necessary to accommodate new office layout.

3 Remove existing fire sprinklers as necessary to accommodate new office layout.

ELECTRICAL:

1 Furnish and install new lighting in corridor as necessary.

2 Furnish and install new switching as necessary.

3 Furnish and install new exit signs as necessary.

EXHIBIT G-3

LANDLORD WORK

1. In-fill 1st floor lounge area (allowance)
2. Cut window openings in existing concrete wall (allowance per opening)
3. New Entry Lobby (allowance) including the following:
    a. Millwork
    b. Doors/Frames/Hardware
    c. Metal Stud Framing/Sheetrock
    d. Painting
    e. HVAC
    f. Electrical
4. Demising Corridor

EXHIBIT H

SIGNAGE

Subject to Landlord's approval of the details thereof and compliance with Applicable Laws, Tenant shall be entitled to install its name and logo, at its sole cost, on its pro-rata share of the monument sign for the Building, on the front entry door to the Premises and on the glass door entry to the Premises.

EXHIBIT I

TENANT'S PERSONAL PROPERTY

Portable lab benches

Washes

Incubators

Vivarium equipment

NMR

Biology:	
Fluorescent Microscope w/ CCD camera	1
steneomaster zoom microscope	1
inverted microscope	1
CO_2incubator	2
bench top centrifuge	1
HD Super Worktables	3
Biosafety Hood	1
hot plate	2
Shaking incubator	1
bench top centrifuge	1
ice maker	1
desicators	2
vortex mixer	4
Plate Reader	1
pipettors	many
upright freezer (-80°C)	1
upright freezer (-20°C)	2
Countertop freezer (-20°C)	2
storage cabinet	1
refrigerator	1
rotating shecker	1
micro centrifuge	2
Centrifuge	1
Cell Harvester	1
Top Count	1
ACE Alera Clinical Chemistry System	1
pH meter	1
scale and balance	2
analytical balance	1
Glass washer	1
Autoclave	1
cage washer	

cages	many
Cage racks	6
under counter freezer	1
Total	
Chemistry	
combi-reactors	0
scale-up reactors	1
freeze dryer	0
NMR	1
IR	
DSC	
rotavapor	3
balances	5
glassware (5000 per chemist)	1
hot plate	10
high vacuum	5
manifold	5
particle sizer	
refrigerator	3
solvent cabinet	3
Analytical Chemistry	
LC/MS	1
MS/MS	1
IC	1
Prep LC	1
General	
Refrigerator	1
Copiers	3
Servers	2
Telephone equipment	1
Various IT equipment	
Leica	
VWR	
Olympus	
VWR, Binder, C150-UL	
VWR, Allegra X-15R or X-22 or X-22R, Beckman	
Coulter	
VWR	
VWR	
VWR 700 series	
VWR	
VWR, Allegra X-15R or X-22 or X-22R, Beckman	

Coulter
VWR
VWR
VWR
VWR
VWR
VWR
VWR, Biomedical freezer, Sanyo
VWR
Fisher Isotemp Refrigerator
VWR, Roto-Shake Genie 6-in-1 Multi-Purpose
Rotator/Rocker
VWR, Biofuge Fresco Centrifuges
VWR, Beckman Coulter
PerkinElmer
PerkinElmer
Modern Lab Svc
VWR
VWR
VWR
VWR

EXHIBIT J

FORM OF ESTOPPEL CERTIFICATE

To: 34175 Ardenwood Venture, LLC
17190 Bernardo Center Drive
San Diego, California 92128
Attention: General Counsel/Real Estate

BioMed Realty, L.P.
17190 Bernardo Center Drive
San Diego, California 92128

Re: [PREMISES ADDRESS] (the "Premises") at 34175 Ardenwood Boulevard, Fremont, California (the "Property")

The undersigned tenant ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of August 8, 2008. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [_____]], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property. The lease term expires on [_____], 20[__].

2. Tenant took possession of the Premises, currently consisting of [_____] square feet, on [_____], 20[__], and commenced to pay rent on [_____], 20[__]. Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease [, except as follows: [_____]].

3. All base rent, rent escalations and additional rent under the Lease have been paid through [_____], 20[__]. There is no prepaid rent[, except $[_____]][, and the amount of security deposit is $[_____] [in cash][in the form of a letter of credit]]. Tenant currently has no right to any future rent abatement under the Lease, except as expressly provided therein.

4. Base rent is currently payable in the amount of $[_____] per month.

5. Tenant is currently paying estimated payments of additional rent of $[_____] per month on account of real estate taxes, insurance, management fees and common area maintenance expenses.

6. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [_____]], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid.

7. The Lease is in full force and effect, free from default and free from any event that could become a default under the Lease, and Tenant has no claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [_____]].

8. [Tenant has the following expansion lights or options for the Property: [_____].][Tenant has no rights or options to purchase the Property.]

9. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises or the Project in violation of any environmental laws.

10. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is acquiring the Property in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], 34175 Ardenwood Venture, LLC, BMR-34175 Ardenwood Boulevard LLC, BioMed Realty, L.P., BioMed Realty Trust, Inc., and any [other] mortgagee of the Property and their respective successors and assigns.

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

Dated this [__] day of [_____], 20[__].

[_____],
a [_____]

By: _____
Name: _____
Title: _____

EXHIBIT K

LANDLORD'S PERSONAL PROPERTY

	Executive Desk	Cubicle	Cubicle chairs	Leather Chairs	Side Chair	Wood book shelf	small wood file cabinets	conference room/round table	BoD Table
Open Office B			2			2	1	1	
148	1			1	1		1		
147	1			1	1	1	1		
146	1			1	1		2		
145	1			1	1	1	2		
		10	10						
Open Office A		14	7						
BoD Room				10	2				1
Lounge area								4	

Exhibit 10.4B

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of this 20th day of December, 2012, by and between 34175 ARDENWOOD VENTURE, LLC, a Delaware limited liability company ("Landlord"), and ARDELYX, INC., a Delaware corporation formerly known as Nteryx, Inc. ("Tenant").

RECITALS

A. WHEREAS, Landlord and Tenant entered into that certain Lease dated as of August 8, 2008 (as the same may have been amended, supplemented or modified from time to time, the "Lease"), whereby Tenant leases certain premises (the "Premises") from Landlord at 34175 Ardenwood Boulevard in Fremont, California (the "Building");

B. WHEREAS, Landlord and Tenant desire to extend the Term of the Lease; and

C. WHEREAS, Landlord and Tenant desire to modify and amend the Lease only in the respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Lease unless otherwise defined herein. The Lease, as amended by this Amendment, is referred to herein as the "Amended Lease."

2. Extension Term. The Term of the Lease is hereby extended for thirty-six (36) months and, therefore, the Term Expiration Date is hereby amended to mean September 10, 2016. The period commencing on September 11, 2013 and ending on the Term Expiration Date shall be referred to herein as the "Extension Term."

3. Base Rent. Base Rent during the Extension Term shall equal:

Dates	Square Feet of Rentable Area	Base Rent per Square Foot of Rentable Area	Monthly Base Rent	Annual Base Rent
9/11/13 - 9/10/14	27,620	$ 1.70	$46,954.00	$563,448.00
9/11/14 - 9/10/15	27,620	$ 1.75	$48,335.00	$580,020.00
9/11/15 - 9/10/16	27,620	$ 1.80	$49,716.00	$596,592.00

4. Additional Rent. Tenant shall, at all times during the Extension Term, continue to pay (a) Tenant's Op Ex Share of Operating Expenses, (b) the Property Management Fee and (c) any other amounts set forth in the Lease. During the Extension Term, Tenant's Op Ex Share shall equal Tenant's Pro Rata Share of the Building.

5. Condition of Premises. Tenant acknowledges that (a) it is in possession of and is fully familiar with the condition of the Premises and, notwithstanding anything contained in the Lease to the contrary, agrees to take the same in its condition "as is" as of the first day of the Extension Term, and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's continued occupancy for the Extension Term or to pay for any improvements to the Premises, except as may be expressly provided in the Lease.

6. Deletion of Extension Option. Article 42 of the Lease is hereby amended such that Tenant shall only have one (1) Option (and not two (2) Options) to extend the Term by three (3) years as to the entire Premises (and no less than the entire Premises) upon all of the terms and conditions set forth in Article 42 of the Lease. The parties agree that the Extension Term did not result from the exercise of the Option, and therefore, the one (1) Option to extend the Term shall be available for exercise by the Tenant at the end of the Extension Term in accordance with the provisions of Article 42 of the Lease.

7. Broker. Tenant represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment and agrees to indemnify, defend and hold Landlord harmless from any and all cost or liability for compensation claimed by any such broker or agent employed or engaged by it or claiming to have been employed or engaged by it.

8. No Default. Tenant and Landlord each represent, warrant and covenant that, to the best of its knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

9. Notices. Tenant confirms that, notwithstanding anything in the Lease to the contrary, notices delivered to Tenant pursuant to the Amended Lease should be sent to:

Ardelyx, Inc.
34175 Ardenwood Blvd.
Fremont, California 94555
Attn: Vice President, Finance

10. Effect of Amendment. Except as modified by this Amendment, the Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. The covenants, agreements, terms, provisions and conditions contained in this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and, except as otherwise provided in the Lease, their respective assigns. In the event of any conflict between the terms contained in this Amendment and the Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties. From and after the date hereof, the term "Lease" as used in the Lease shall mean the Lease, as modified by this Amendment.

11. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

12. Counterparts. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have hereunto set their hands as of the date and year first above written, and acknowledge that they possess the requisite authority to enter into this transaction and to execute this Amendment.

LANDLORD:

34175 ARDENWOOD VENTURE, LLC,
a Delaware limited liability company

By: BMR-34175 ARDENWOOD BOULEVARD LLC, its Managing Member

By: /s/ Janice Kameir
Name: Janice Kameir
Title: Vice President, Human Resources

TENANT:

ARDELYX, INC.,
a Delaware corporation

By: /s/ Mike Raab
Name: Mike Raab
Title: CEO

Exhibit 10.5A

ARDELYX, INC.

2008 STOCK INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal and state securities laws, the corporate laws of California and, to the extent other than California, the corporate law of the state of the Company's incorporation, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(e) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit or other right or benefit under the Plan.

(f) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(g) "Board" means the Board of Directors of the Company.

(h) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the

Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; provided, however, that with regard to any agreement that defines "Cause" on the occurrence of or in connection with a Corporate Transaction or a Change in Control, such definition of "Cause" shall not apply until a Corporate Transaction or a Change in Control actually occurs.

(i) Change in Control" means a change in ownership or control of the Company after the Registration Date effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such stockholders accept, or

(ii) a change in the composition of the Board over a period of twelve (12) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

(j) "Code" means the Internal Revenue Code of 1986, as amended.

(k) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(l) "Common Stock" means the common stock of the Company.

(m) "Company" means Ardelyx, Inc., a Delaware corporation, or any successor entity that adopts the Plan in connection with a Corporate Transaction.

(n) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(o) "Continuing Directors" means members of the Board who either (i) have been Board members continuously for a period of at least twelve (12) months or (ii) have been Board members for less than twelve (12) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(p) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(q) "Corporate Transaction" means any of the following transactions, provided, however, that the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the shares of Common Stock outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger, but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the

Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(r) "Covered Employee" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code.

(s) "Director" means a member of the Board or the board of directors of any Related Entity.

(t) "Disability" means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(u) "Dividend Equivalent Right" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(v) "Employee" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(w) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by

such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith and in a manner consistent with Applicable Laws.

(y) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(z) "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in- law, son-in law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

(aa) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(bb) "Non-Qualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(cc) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(dd) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ee) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ff) "Performance-Based Compensation" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

(gg) "Plan" means this 2008 Stock Incentive Plan.

(hh) "Post-Termination Exercise Period" means the period specified in the Award Agreement of not less than thirty (30) days commencing on the date of termination (other than termination by the Company or any Related Entity for Cause) of the Grantee's Continuous Service, or such longer period as may be applicable upon death or Disability.

(ii) "Registration Date" means the first to occur of (i) the closing of the first sale to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, of (A) the Common Stock or (B) the same class of securities of a successor corporation (or its Parent) issued pursuant to a Corporate Transaction in exchange for or in substitution of the Common Stock; and (ii) in the event of a Corporate Transaction, the date of the consummation of the Corporate Transaction if the same class of securities of the successor corporation (or its Parent) issuable in such Corporate Transaction shall have been sold to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or prior to the date of consummation of such Corporate Transaction.

(jj) "Related Entity" means any Parent or Subsidiary of the Company.

(kk) "Replaced" means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(ll) "Restricted Stock" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(mm) "Restricted Stock Units" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(nn) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(oo) "SAR" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(pp) "Share" means a share of the Common Stock.

(qq) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is six hundred and seventy thousand (670,000) Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, such Shares shall become available for future grant under the Plan. To the extent not prohibited by the listing requirements of The NASDAQ Stock Market LLC (or other established stock exchange or national market system on which the Common Stock is traded) and Applicable Law, any Shares covered by an Award which are surrendered (i) in payment of the Award exercise or purchase price or (ii) in satisfaction of tax withholding obligations incident to the exercise of an Award shall be deemed not to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. Prior to the Registration Date, with respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. On or after the Registration Date, with respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(iii) Administration With Respect to Covered Employees. Notwithstanding the foregoing, as of and after the date that the exemption for the Plan under Section 162(m) of the Code expires, as set forth in Section 20 below, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based

Compensation. In the case of such Awards granted to Covered Employees, references to the "Administrator" or to a "Committee" shall be deemed to be references to such Committee or subcommittee.

(b) Multiple Administrative Bodies. The Plan may be administered by different bodies with respect to Directors, Officers, Consultants, and Employees who are neither Directors nor Officers.

(c) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;

(vii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent; provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non- Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee;

(viii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan; and

(ix) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the

Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(d) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units or Dividend Equivalent Rights, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section

422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. In the event that the Code or the regulations promulgated thereunder are amended after the date the Plan becomes effective to provide for a different limit on the Fair Market Value of Shares permitted to be subject to Incentive Stock Options, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, increase in share price, earnings per share, total stockholder return, return on equity, return on assets, return on investment, net operating income, cash flow, revenue, economic value added, personal management objectives, or other measure of performance selected by the Administrator. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement. In addition, the performance criteria shall be calculated in accordance with generally accepted accounting principles, but excluding the effect (whether positive or negative) of any change in accounting standards and any extraordinary, unusual or nonrecurring item, as determined by the Administrator, occurring after the establishment of the performance criteria applicable to the Award intended to be performance-based compensation. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of performance criteria in order to prevent the dilution or enlargement of the Grantee's rights with respect to an Award intended to be performance-based compensation.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Individual Limitations on Awards.

(i) Individual Option and SAR Limit. Following the date that the exemption from application of Section 162(m) of the Code described in Section 20 (or any exemption having similar effect) ceases to apply to Awards, the maximum number of Shares with respect to which Options and SARs may be granted to any Grantee in any calendar year shall be three hundred fifty thousand (350,000) of the Shares. In connection with a Grantee's commencement of Continuous Service, a Grantee may be granted Options and SARs for up to an additional one hundred thousand (100,000) Shares which shall not count against the limit set forth in the previous sentence. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to a Grantee, if any Option or SAR is canceled, the canceled Option or SAR shall continue to count against the maximum number of Shares with respect to which Options and SARs may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR.

(ii) Individual Limit for Restricted Stock and Restricted Stock Units. Following the date that the exemption from application of Section 162(m) of the Code described in Section 20 (or any exemption having similar effect) ceases to apply to Awards, for awards of Restricted Stock and Restricted Stock Units that are intended to be Performance-Based Compensation, the maximum number of Shares with respect to which such Awards may be granted to any Grantee in any calendar year shall be three hundred fifty thousand (350,000) Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below.

(h) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(j) Transferability of Awards. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the Grantee, to the extent and in the manner authorized by the Administrator by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(k) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other later date as is determined by the Administrator.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of SARs, the base appreciation amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(v) In the case of the sale of Shares, the per Share purchase price, if any, shall be such price as is determined by the Administrator.

(vi) In the case of other Awards, such price as is determined by the Administrator.

(vii) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following, provided that the portion of the consideration equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator determines as appropriate (but only to the extent that the acceptance or terms of the promissory note would not violate an Applicable Law);

(iv) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(v) with respect to Options, if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

(vi) with respect to Options, payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); or

(vii) any combination of the foregoing methods of payment.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(c)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

(c) Taxes. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares. Upon exercise or vesting of an Award the Company shall withhold or collect from the Grantee an amount sufficient to satisfy such tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of an Award (reduced to the lowest whole number of Shares if such number of Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(v).

(b) Exercise of Award Following Termination of Continuous Service. In the event of termination of a Grantee's Continuous Service for any reason other than Disability or death (but not in the event of a Grantee's change of status from Employee to Consultant or from Consultant to Employee), such Grantee may, but only during the Post-Termination Exercise Period (but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. The Grantee's Award Agreement may provide that upon the termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Award shall terminate concurrently with the termination of Grantee's Continuous Service. In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Qualified Stock Option on the day three (3) months and one day following such change of status. To the extent that the Grantee's Award was unvested at the date of termination, or if the Grantee does not exercise the vested portion of the Grantee's Award within the Post-Termination Exercise Period, the Award shall terminate.

(c) Disability of Grantee. In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Qualified Stock Option on the day three (3) months and one day following such termination. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(d) Death of Grantee. In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the portion of the Grantee's Award that was vested as of the date of termination, within twelve (12) months from the date of death (or such longer period as specified in the Award Agreement but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee's Award was unvested, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(e) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of an Award within the applicable time periods set forth in this Section 8 is prevented by the provisions of Section 9 below, the Award shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Award is exercisable, but in any event no later than the expiration of the term of such Award as set forth in the Award Agreement.

9. Conditions Upon Issuance of Shares.

(a) If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under federal or state laws.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company and Section 11 hereof, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in any calendar year, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." In connection with the foregoing adjustments, the Administrator may, in its discretion, prohibit the exercise of Awards or other issuance of Shares, cash or other consideration pursuant to Awards during certain periods of time. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. Corporate Transactions and Changes in Control.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction. In the event of a Corporate Transaction, outstanding Awards may be Assumed or Replaced, and to the extent that outstanding Awards under the Plan are not Assumed or Replaced, such Awards shall terminate effective upon the consummation of a Corporate Transaction.

(a) Acceleration of Award Upon Corporate Transaction or Change in Control. Except as provided otherwise in an individual Award Agreement, in the event of any Corporate Transaction or Change in Control, there will not be any acceleration of vesting or exercisability of any Award.

12. Repurchase Rights. If the provisions of an Award Agreement grant to the Company the right to repurchase Shares upon termination of the Grantee's Continuous Service, the Award Agreement shall (or may, with respect to Awards granted or issued to Officers, Directors or Consultants) provide that:

(a) the right to repurchase must be exercised, if at all, within six (6) months of the termination of the Grantee's Continuous Service (or in the case of Shares issued upon exercise of Awards after the date of termination of the Grantee's Continuous Service, within six (6) months after the date of the Award exercise);

(b) the consideration payable for the Shares upon exercise of such repurchase right shall be made in cash or by cancellation of purchase money indebtedness within the six (6) month periods specified in Section 12(a);

(c) the amount of such consideration shall be equal to the original purchase price paid by Grantee for each such Share or the Fair Market Value of the Shares to be repurchased on the date of termination of Grantee's Continuous Service; and

(d) the right to repurchase Shares, other than a right to repurchase under which Shares may be repurchased at the original purchase price, shall terminate on the Registration Date.

13. Effective Date and Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Section 18 below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

14. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan. To the extent necessary to comply with Applicable Laws, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 13, above) shall adversely affect any rights under Awards already granted to a Grantee.

15. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

16. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or a Related Entity to terminate the Grantee's Continuous Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

17. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

18. Stockholder Approval. Continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws. Any Award exercised before stockholder approval is obtained shall be rescinded if stockholder approval is not obtained within the time prescribed, and Shares issued on the exercise of any such Award shall not be counted in determining whether stockholder approval is obtained.

19. Information to Grantees. To the extent required by Applicable Law, the Company shall provide to each Grantee, during the period for which such Grantee has one or more Awards outstanding, copies of financial statements at least annually. The Company shall not be required to provide such information to persons whose duties in connection with the Company assure them access to equivalent information.

20. Effect of Section 162(m) of the Code. Section 162(m) of the Code does not apply to the Plan prior to the Registration Date or such earlier time that the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act. Following the Registration Date or such earlier time that the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act, the Plan, and all Awards (except Awards of Restricted Stock that vest over time) issued thereunder, are intended to be exempt from the application of Section 162(m) of the Code, which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of $1 million per year. The exemption is based on Treasury Regulation Section 1.162-27(f), in the form existing on the effective date of the Plan, with the understanding that such regulation generally exempts from the application of Section 162(m) of the Code compensation paid pursuant to a plan that existed before a company becomes publicly held. Under such Treasury Regulation, this exemption is available to the Plan for the duration of the period that lasts until the earliest of (i) the expiration of the Plan, (ii) the material modification of the Plan, (iii) the exhaustion of the maximum number of shares of Common Stock available for Awards under the Plan, as set forth in Section 3(a), (iv) the first meeting of stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act, or (v) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder. To the extent that the Administrator determines as of the date of grant of an Award that (i) the Award is intended to qualify as Performance-Based Compensation and (ii) the exemption described above is no longer available with respect to such Award, such Award shall not be effective until any stockholder approval required under Section 162(m) of the Code has been obtained.

21. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

22. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

23. Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of Awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

AMENDMENT

TO THE ARDELYX, INC.

2008 STOCK INCENTIVE PLAN

JUNE 22, 2011

Pursuant to the authority reserved to the Board of Directors (the "Board") of Ardelyx, Inc., a Delaware corporation (the "Company"), under Section 14 of the Company's 2008 Stock Incentive Plan (the "Plan"), the Board hereby amends the Plan as follows.

1. Section 3(a) of the Plan is hereby deleted in its entirety and replaced with the following:

"3. Stock Subject to the Plan

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is eighteen million fifty one thousand two hundred six (18,051,206) Shares. The Shares may be authorized, but unissued, or reacquired Common Stock"

2. Except as amended hereby, the Plan shall continue in full force and effect and is hereby ratified and confirmed.

I hereby certify that the foregoing Amendment to the Plan was duly adopted by the Company's Board effective as of June 22, 2011.

I hereby further certify that the foregoing Amendment to the Plan was duly adopted by the Company's Stockholders effective as of June 22, 2011.

* * * * * * * * * *

Executed as of the date first written above.

/s/ Alan C. Mendelson
Alan C. Mendelson, *Secretary*

SIGNATURE PAGE TO AMENDMENT TO THE ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

Exhibit 10.5B

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: _____

_____

_____

You (the "Grantee") have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the Ardelyx, Inc. 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number		_____
Date of Award		_____
Vesting Commencement Date		_____
Exercise Price per Share	$	_____
Total Number of Shares Subject to the Option (the "Shares")		_____
Total Exercise Price	$	_____
Type of Option:		Incentive Stock Option
		Non-Qualified Stock Option
Expiration Date:		_____
Post-Termination Exercise Period:		Three (3) Months

Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

25% of the Shares subject to the Option shall vest on the first anniversary of the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest on each monthly anniversary of the Vesting Commencement Date thereafter.

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall be suspended after the leave of absence exceeds a period of three (3) months. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule of the Option shall be extended by the length of the suspension.

In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service, except as otherwise determined by the Administrator.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

Ardelyx, Inc.
a Delaware corporation

By: _____
Title: _____

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 18 of the Option Agreement. The Grantee further agrees to the venue selection in accordance with Section 19 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed: _____ Grantee

Award Number:

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

1. Grant of Option. Ardelyx, Inc., a Delaware corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 2008 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, the Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the shares subject to such options shall be determined as of the grant date of the relevant option.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of

such notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(d) below.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares. Upon exercise of the Option, the Company or the Grantee's employer may offset or withhold (from any amount owed by the Company or the Grantee's employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax withholding obligations. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Option, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

3. Grantee's Representations. The Grantee understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act of 1933, as amended or any United States securities laws. In the event the Shares purchasable pursuant to the exercise of the Option have not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Grantee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law and, provided further, that the portion of the Exercise Price equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law.

(a) cash;

(b) check;

(c) if the exercise occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised; or

(i) if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company-designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company. If the exercise of the Option within the applicable time periods set forth in Section 6, 7 and 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

6. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect and the Option shall continue to vest in accordance with the Vesting Schedule set forth in the Notice consistent with any minimum vesting requirements set forth in the Plan; provided, however, with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following such change in status. Except as provided in Sections 7 and 8 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the Termination Date. To the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

8. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the person who acquired the right to exercise the Option pursuant to Section 9 may exercise the portion of the Option that was vested at the date of termination within twelve (12) months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution; provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 8, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

10. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

11. Company's Right of First Refusal. The Grantee acknowledges and agrees that the Shares are subject to a right of first refusal ("Right of First Refusal") as set forth in Article 10 of the Bylaws of the Company, which Right of First Refusal is incorporated herein by reference irrespective of whether the Bylaws are amended at some future date to remove the Right of First Refusal therefrom, and that, except in compliance with such Right of First Refusal, neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein.

12. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Option Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

13. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the

provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

14. Tax Consequences.

(a) The Grantee may incur tax liability as a result of the Grantee's purchase or disposition of the Shares. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(b) Notwithstanding the Company's good faith determination of the Fair Market Value of the Company's Common Stock for purposes of determining the Exercise Price Per Share of the Option as set forth in the Notice, the taxing authorities may assert that the Fair Market Value of the Common Stock on the Date of Award was greater than the Exercise Price Per Share. If designated in the Notice as an Incentive Stock Option, the Option may fail to qualify as an Incentive Stock Option if the Exercise Price Per Share of the Option is less than the Fair Market Value of the Common Stock on the Date of Award. In addition, under Section 409A of the Code, if the Exercise Price Per Share of the Option is less than the Fair Market Value of the Common Stock on the Date of Award, the Option may be treated as a form of deferred compensation and the Grantee may be subject to an acceleration of income recognition, an additional 20% tax, plus interest and possible penalties. In addition, the Company makes no representation that the Option will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Option or to mitigate its effects on any deferrals or payments made in respect of the Option. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

15. Lock-Up Agreement.

(a) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter or longer period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject to the lock-up period until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the lock-up period thereafter, is an intended beneficiary of this Section 15.

(b) No Amendment Without Consent of Underwriter. During the period from identification of a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in

Section 15(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 15 may not be amended or waived except with the consent of the Lead Underwriter.

16. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

17. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

18. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

19. Venue. The Company, the Grantee, and the Grantee's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 19 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

20. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

21. Confidentiality. The Company shall provide to the Grantee, during the period the Option is outstanding, copies of financial statements of the Company at least annually. The Grantee understands and agrees that such financial statements are confidential and shall not be disclosed by the Grantee, to any entity or person, for any reason, at any time, without the prior written consent of the Company, unless required by law. If disclosure of such financial statements is required by law, whether through subpoena, request for production, deposition, or otherwise, the Grantee promptly shall provide written notice to Company, including copies of the subpoena, request for production, deposition, or otherwise, within five (5) business days of their receipt by the Grantee and prior to any disclosure so as to provide Company an opportunity to move to quash or otherwise to oppose the disclosure. Notwithstanding the foregoing, the Grantee may disclose the terms of such financial statements to his or her spouse or domestic partner, and for legitimate business reasons, to legal, financial, and tax advisors.

END OF AGREEMENT

EXHIBIT A

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

EXERCISE NOTICE

Ardelyx, Inc.

_____

_____

Attention: Secretary

1. Effective as of today, , the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase shares of the Common Stock (the "Shares") of Ardelyx, Inc., (the "Company") under and pursuant to the Company's 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the [ ] Incentive [ ] Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated , . Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

The Grantee shall enjoy rights as a stockholder until such time as the Grantee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal (as such term is defined in the Option Agreement). Upon such exercise, the Grantee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of the Option Agreement, and the Grantee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(d) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two (2) years from the Date of Award or within one (1) year from the date the Shares were transferred to the Grantee.

7. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL IN FAVOR OF THE COMPANY AS SET FORTH IN THE BYLAWS OF THE COMPANY.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

10. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

11. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

13. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

14. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
GRANTEE:	ARDELYX, INC.
	By: _____
_____	Title: _____
(Signature)	
Address:	Address:
_____	_____
_____	_____

EXHIBIT B

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

GRANTEE:	_____
COMPANY:	ARDELYX, INC.
SECURITY:	COMMON STOCK
AMOUNT:	_____
DATE:	_____

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Grantee is acquiring these Securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Grantee's investment intent as expressed herein. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of sale of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than six (6) months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than one (1) year, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Grantee represents that Grantee is a resident of the state of .

Signature of Grantee:

Date:

Exhibit 10.5C

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK PURCHASE AWARD

Grantee's Name and Address: _____

_____

_____

You (the "Grantee") have been granted the right to purchase shares of Common Stock of the Company, subject to the terms and conditions of this Notice of Restricted Stock Purchase Award (the "Notice"), the Ardelyx, Inc. 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Purchase Award Agreement (the "Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number _____

Date of Award _____

Vesting Commencement Date _____

Purchase Price per Share _____

Total Number of Shares of Common Stock Awarded _____

Total Purchase Price _____

Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Agreement and the Plan, the Shares will "vest" in accordance with the following schedule:

25% of the Total Number of Shares of Common Stock Awarded shall vest on the first anniversary of the Vesting Commencement Date, and 1/48 of the Total Number of Shares of Common Stock Awarded shall vest on each monthly anniversary of the Vesting Commencement Date thereafter.

During any authorized leave of absence, the vesting of the Shares shall be suspended after the leave of absence exceeds a period of three (3) months. Vesting of the Shares shall resume upon the Grantee's termination of the leave of absence and return to Continuous Service. The Vesting Schedule of the Shares shall be extended by the length of the suspension.

In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Shares shall continue to vest in accordance with the Vesting Schedule.

Vesting shall cease upon the date of termination of the Grantee's Continuous Service for any reason, including death or Disability. For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Shares, that such Shares are no longer subject to

repurchase at the Purchase Price per Share; provided, however, that such Shares shall remain subject to other restrictions on transfer set forth in the Agreement or the Plan. Shares that have not vested are deemed "Restricted Shares." If the Grantee would become vested in a fraction of a Restricted Share, such Restricted Share shall not vest until the Grantee becomes vested in the entire Share. Notwithstanding the foregoing, the Shares subject to this Notice will be subject to the provisions of the Agreement and Section 11 of the Plan relating to the release of repurchase and forfeiture provisions in the event of a Corporate Transaction or Change of Control.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Ardelyx, Inc.,
a Delaware corporation

By: _____

Title: _____

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 17 of the Agreement. The Grantee further agrees to the venue selection in accordance with Section 18 of the Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed: _____

Award Number:

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

RESTRICTED STOCK PURCHASE AWARD AGREEMENT

1. Purchase of Shares. Ardelyx, Inc., a Delaware corporation (the "Company"), hereby issues and sells to the Grantee (the "Grantee") named in the Notice of Restricted Stock Purchase Award (the "Notice"), the Total Number of Shares of Common Stock Awarded set forth in the Notice (the "Shares") for a Purchase Price per Share set forth in the Notice (the "Total Purchase Price"), subject to the Notice, this Restricted Stock Purchase Award Agreement (the "Agreement") and the terms and provisions of the Company's 2008 Stock Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Payment for the Shares in the amount of the Total Purchase Price set forth in the Notice shall be made to the Company upon execution of the Notice. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement. All Shares sold hereunder will be deemed issued to the Grantee as fully paid and nonassessable shares, and the Grantee will have the right to vote the Shares at meetings of the Company's shareholders. The Company shall pay any applicable stock transfer taxes imposed upon the issuance of the Shares to the Grantee hereunder.

2. Method of Payment. Payment of the Total Purchase Price shall be by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such payment method does not then violate an Applicable Law and, provided further, that the portion of the Total Purchase Price equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(a) cash; or

(b) check.

3. Transfer Restrictions. The Shares sold to the Grantee hereunder may not be sold, transferred by gift, pledged, hypothecated, or otherwise transferred or disposed of by the Grantee prior to the date when the Shares become vested pursuant to the Vesting Schedule set forth in the Notice. Any attempt to transfer Restricted Shares in violation of this Section 3 will be null and void and will be disregarded. After the Shares vest, the Shares will be subject to the Company's Right of First Refusal as set forth in Section 8 below.

4. Escrow of Stock. For purposes of facilitating the enforcement of the provisions of this Agreement, the Grantee agrees, immediately upon receipt of the certificate(s) for the Restricted Shares, to deliver such certificate(s), together with an Assignment Separate from Certificate in the form attached hereto as Exhibit A, executed in blank by the Grantee with respect to each such stock certificate, to the Secretary or Assistant Secretary of the Company, or their designee, to hold in escrow for so long as such Restricted Shares have not vested pursuant to the Vesting Schedule set forth in the Notice or continue to remain subject to the Company's

Right of First Refusal or Repurchase Right, with the authority to take all such actions and to effectuate all such transfers and/or releases as may be necessary or appropriate to accomplish the objectives of this Agreement in accordance with the terms hereof. The Grantee hereby acknowledges that the appointment of the Secretary or Assistant Secretary of the Company (or their designee) as the escrow holder hereunder with the stated authorities is a material inducement to the Company to make this Agreement and that such appointment is coupled with an interest and is accordingly irrevocable. The Grantee agrees that the Restricted Shares may be held electronically in a book entry system maintained by the Company's transfer agent or other third-party and that all the terms and conditions of this Section 4 applicable to certificated Restricted Shares will apply with the same force and effect to such electronic method for holding the Restricted Shares. The Grantee agrees that such escrow holder shall not be liable to any party hereto (or to any other party) for any actions or omissions unless such escrow holder is grossly negligent relative thereto. The escrow holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may resign at any time. Upon the vesting of all Restricted Shares and termination of the Company's Right of First Refusal and Repurchase Right, the escrow holder will, without further order or instruction, transmit to the Grantee the certificate evidencing such Shares, subject, however, to satisfaction of any withholding obligations provided in Section 6 below.

5. Distributions. Except as set forth in Section 9(e), the Company shall disburse to the Grantee all regular cash dividends with respect to the Shares and Additional Securities (whether vested or not), less any applicable withholding obligations.

6. Section 83(b) Election and Withholding of Taxes. The Grantee shall provide the Administrator with a copy of any timely election made pursuant to Section 83(b) of the Internal Revenue Code or similar provision of state law (collectively, an "83(b) Election"), a form of which is attached hereto as Exhibit B. If the Grantee makes a timely 83(b) Election, the Grantee shall immediately pay the Company the amount necessary to satisfy any applicable foreign, federal, state, and local income and employment tax withholding obligations. If the Grantee does not make a timely 83(b) Election, the Grantee shall, as Restricted Shares shall vest or at the time withholding is otherwise required by any Applicable Law, pay the Company the amount necessary to satisfy any applicable foreign, federal, state, and local income and employment tax withholding obligations. The Grantee hereby represents that he or she understands (a) the contents and requirements of the 83(b) Election, (b) the application of Section 83(b) to the receipt of the Shares by the Grantee pursuant to this Agreement, (c) the nature of the election to be made by the Grantee under Section 83(b), and (d) the effect and requirements of the 83(b) Election under relevant state and local tax laws. The Grantee further represents that he or she intends to file an election pursuant to Section 83(b) with the Internal Revenue Service within thirty (30) days following the date of this Agreement, and submit a copy of such election to the Company and with his or her federal tax return for the calendar year in which the date of this Agreement falls.

7. Additional Securities. Any securities or cash received (other than a regular cash dividend) as the result of ownership of the Restricted Shares (the "Additional Securities"), including, but not by way of limitation, warrants, options and securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization or other similar change in the Company's capital structure, shall be retained in escrow in the same manner and

subject to the same conditions and restrictions as the Restricted Shares with respect to which they were issued, including, without limitation, the Vesting Schedule set forth in the Notice, the Right of First Refusal and the Repurchase Right. The Grantee shall be entitled to direct the Company to exercise any warrant or option received as Additional Securities upon supplying the funds necessary to do so, in which event the securities so purchased shall constitute Additional Securities, but the Grantee may not direct the Company to sell any such warrant or option. If Additional Securities consist of a convertible security, the Grantee may exercise any conversion right, and any securities so acquired shall constitute Additional Securities. Appropriate adjustments to reflect the distribution of Additional Securities shall be made to the price per share to be paid upon the exercise of the Repurchase Right in order to reflect the effect of any such transaction upon the Company's capital structure. In the event of any change in certificates evidencing the Shares or the Additional Securities by reason of any recapitalization, reorganization or other transaction that results in the creation of Additional Securities, the escrow holder is authorized to deliver to the issuer the certificates evidencing the Shares or the Additional Securities in exchange for the certificates of the replacement securities.

8. Company's Right of First Refusal. The Grantee acknowledges and agrees that the Shares are subject to a right of first refusal ("Right of First Refusal") as set forth in Article 10 of the Bylaws of the Company, which Right of First Refusal is incorporated herein by reference irrespective of whether the Bylaws are amended at some future date to remove the Right of First Refusal therefrom, and that, except in compliance with such Right of First Refusal, neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein.

9. Company's Repurchase Right.

(a) Grant of Repurchase Right. The Company is hereby granted the right (the "Repurchase Right"), exercisable at any time during the six (6) month period (the "Share Repurchase Period") following the date the Grantee's Continuous Service terminates for any reason, with or without cause (including death or disability) (the "Termination Date") to repurchase all or any portion of the Restricted Shares.

(b) Exercise of the Repurchase Right. The Repurchase Right shall be exercisable by written notice delivered to each Holder of the Shares prior to the expiration of the Share Repurchase Period. The notice shall indicate the number of Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not later than the last day of the Share Repurchase Period. On the date on which the repurchase is to be effected, the Company and/or its assigns shall pay to the Holder of the Shares in cash or cash equivalents (including the cancellation of any purchase-money indebtedness) for Restricted Shares being repurchased an amount equal to the Purchase Price per Share previously paid by the Grantee to the Company for such Shares. Upon such payment to the Holder of the Shares or into escrow for the benefit of the Holder of the Shares, the Company and/or its assigns shall become the legal and beneficial owner of the Shares being repurchased and all rights and interest thereon or related thereto, and the Company shall have the right to transfer to its own name or its assigns the number of Shares being repurchased, without further action by the Holder of the Shares.

(c) Assignment. Whenever the Company shall have the right to purchase Shares under this Repurchase Right, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company's Repurchase Right.

(d) Termination of the Repurchase Right. The Repurchase Right shall terminate with respect to any Shares for which it is not timely exercised.

(e) Additional Securities. In the event of any transaction described in Sections10 or 11 of the Plan, the Repurchase Right shall apply to the new, substituted or additional capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the Shares in consummation of any such transaction and such stock or property shall be deemed Additional Securities for purposes of this Agreement, but only to the extent the Shares are at the time covered by such Repurchase Right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Right to reflect the effect of any such transaction.

10. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

11. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

12. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A REPURCHASE RIGHT HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE RESTRICTED

STOCK PURCHASE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND REPURCHASE RIGHT ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL IN FAVOR OF THE COMPANY AS SET FORTH IN THE BYLAWS OF THE COMPANY

13. Lock-Up Agreement.

(a) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter or longer period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the lock-up period thereafter, is an intended beneficiary of this Section 13.

(b) No Amendment Without Consent of Underwriter. During the period from identification as a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in Section 13(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 13 may not be amended or waived except with the consent of the Lead Underwriter.

14. Grantee's Representations. In the event the Shares purchasable pursuant to this Agreement have not been registered under the Securities Act of 1933, as amended, at the time of purchase, the Grantee shall, if required by the Company, concurrently with the purchase of the Shares, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit C.

15. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's

interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

16. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

17. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

18. Venue. The Company, the Grantee, and the Grantee's assignees pursuant to Section 3 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

20. Spousal Consent. Grantee shall cause his or her spouse to execute a Consent of Spouse in the form attached hereto as Exhibit D concurrently with the execution of this Agreement or, if later, at the time Grantee becomes married.

EXHIBIT A

STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, hereby sells, assigns and transfers unto , ( ) shares of the Common Stock of Ardelyx, Inc., a Delaware corporation (the "Company"), standing in his or her name on the books of, the Company represented by Certificate No. herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company attorney to transfer the said stock in the books of the Company with full power of substitution.

DATED: _____

_____

EXHIBIT B

ELECTION UNDER SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to the Internal Revenue Code, to include in gross income for 20 the amount of any compensation taxable in connection with the taxpayer's receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are:

TAXPAYER'S NAME:

TAXPAYER'S SOCIAL SECURITY NO.:

SPOUSE'S SOCIAL SECURITY NO.:

TAXABLE YEAR: Calendar Year 20

ADDRESS:

2. The property which is the subject of this election is shares of common stock of Ardelyx, Inc.

3. The property was transferred to the undersigned on , 20 .

4. The property is subject to the following restrictions: The property is subject to a repurchase right pursuant to which the issuer has the right to acquire the property at the original purchase price if for any reason taxpayer's employment or service with the issuer is terminated. The issuer's repurchase right lapses in a series of periodic installments.

5. The fair market value of the property at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is: $ per share x shares = $.

6. The undersigned paid $ per share x shares for the property transferred or a total of $.

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The undersigned taxpayer is the person performing the services in connection with the transfer of said property.

The undersigned will file this election with the Internal Revenue Service office to which he or she files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services

were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned understands that this election will also be effective as an election under California law.

Dated: _____ _____

Taxpayer

EXHIBIT C

ARDELYX, INC. 2008 STOCK INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

GRANTEE	:	_____
COMPANY	:	ARDELYX, INC.
SECURITY	:	COMMON STOCK
AMOUNT	:	_____
DATE	:	_____

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) The Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. The Grantee is acquiring these Securities for investment for the Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of the Grantee's investment intent as expressed herein. In this connection, the Grantee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if the Grantee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. The Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. The Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) The Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer

qualifies under Rule 701 at the time of the sale of the Shares to the Grantee, the sale will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of sale of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than six (6) months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than one (1) year, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) The Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. The Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) The Grantee represents that the Grantee is a resident of the state of .

Signature of the Grantee:

_____

Date: _____

EXHIBIT D

CONSENT OF SPOUSE

I, , spouse of , have read and approved the foregoing Agreement. In consideration of the right of my spouse to purchase shares of Ardelyx, Inc. as set forth in the Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement insofar as I may have any rights under the community property laws of the State of California or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Dated: _____ _____

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated April 11, 2014, in the Registration Statement (Form S-1) and related Prospectus of Ardelyx, Inc. for the registration of its common stock.

/s/ Ernst & Young LLP

Redwood City, California
May 19, 2014