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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 15, 2017

AERPIO PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**000-53057**	**EIN 61-1547850**
(State of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

9987 Carver Road
Cincinnati, OH 45242
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (513) 985-1920

Zeta Acquisition Corp. II
c/o Equity Dynamics Inc.
666 Walnut Street, Suite 2116
Des Moines, Iowa 50309
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

We were incorporated as Zeta Acquisition Corp. II in the State of Delaware on November 16, 2007. Prior to the Merger (as defined below), we were a "shell company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

On March 15, 2017, we changed our name to Aerpio Pharmaceuticals, Inc. by filing a Certificate of Amendment to our Certificate of Incorporation. On March 3, 2017, our board of directors, and on March 10, 2017, our pre-Merger (as defined below) stockholders, approved an amended and restated certificate of incorporation, which, among other things, will increase our authorized capital stock from 100,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share, to 300,000,000 shares of common stock, par value $0.0001 per share, or the Common Stock, and 10,000,000 shares of preferred stock, par value $0.0001 per share. Our amended and restated certificate of incorporation will be effective upon its filing with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. On March 15, 2017, our board of directors adopted the amended and restated bylaws.

On March 15, 2017, our wholly-owned subsidiary, Aerpio Acquisition Corp., a corporation formed in the State of Delaware on March 3, 2017, or the Acquisition Sub, merged with and into Aerpio Therapeutics, Inc., a corporation incorporated on November 17, 2011 in the State of Delaware referred to herein as Aerpio. Pursuant to this transaction, or the Merger, Aerpio was the surviving corporation and became our wholly-owned subsidiary. All of the outstanding capital stock of Aerpio was converted into shares of our Common Stock on a 2.3336572:1 basis, as described in more detail below.

As a result of the Merger, we acquired the business of Aerpio and will continue the existing business operations of Aerpio as a publicly-traded company under the name Aerpio Pharmaceuticals, Inc. Immediately after the effective time of the Merger, on March 15, 2017, Aerpio converted into a Delaware limited liability company by the filing of a Certificate of Conversion with the Secretary of State of the State of Delaware, which we refer to as the Conversion.

Following the Conversion, on March 15, 2017, we closed a private placement offering, or the Offering, of 8,049,555 shares of our Common Stock, at a purchase price of $5.00 per share. Additional information concerning the Offering is presented below under Item 2.01, "Merger and Related Transactions—the Offering" and "Description of Securities," and Item 3.02, "Unregistered Sales of Equity Securities."

In accordance with "reverse merger" or "reverse acquisition" accounting treatment, our historical financial statements as of period ends, and for periods ended, prior to the Merger will be replaced with the historical financial statements of Aerpio, prior to the Merger, in all future filings with the SEC.

As used in this Report henceforward, unless otherwise stated or the context clearly indicates otherwise, the terms the "Company," the "Registrant," "we," "us" and "our" refer to Aerpio Pharmaceuticals, Inc., incorporated in Delaware, after giving effect to the Merger.

This Report contains summaries of the material terms of various agreements executed in connection with the transactions described herein. The summaries of these agreements are subject to, and are qualified in their entirety by, reference to these agreements, which are filed as exhibits hereto and incorporated herein by reference.

This Report is being filed in connection with a series of transactions consummated by us and certain related events and actions taken by us.

This Report responds to the following Items in Form 8-K:

Item 1.01	Entry into a Material Definitive Agreement
Item 2.01	Completion of Acquisition or Disposition of Assets
Item 3.02	Unregistered Sales of Equity Securities
Item 3.03	Material Modification to Rights of Security Holders
Item 4.01	Changes in Registrant's Certifying Accountant
Item 5.01	Changes in Control of Registrant
Item 5.02	Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers
Item 5.03	Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.
Item 5.06	Change in Shell Company Status
Item 8.01	Other Events
Item 9.01	Financial Statements and Exhibits

Prior to the Merger, we were a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act). As a result of the Merger, we have ceased to be a "shell company". The information contained in this Report, together with the information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as filed with the SEC, constitute the current "Form 10 information" necessary to satisfy the conditions contained in Rule 144(i)(2) under the Securities Act of 1933, as amended, or the Securities Act.

FORWARD-LOOKING STATEMENTS

This Current Report on Form 8-K, including the sections entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains express or implied forward-looking statements that are based on our management’s belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this Report include, but are not limited to, statements about:

- the initiation, timing, progress and results of our research and development programs and future preclinical and clinical studies;
- our ability to advance any product candidates into, and successfully complete, clinical studies and obtain regulatory approval for them;
- the timing or likelihood of regulatory filings and approvals;
- the commercialization, marketing and manufacturing of our product candidates, if approved;
- the pricing and reimbursement of our product candidates, if approved;
- the rate and degree of market acceptance and clinical utility of any products for which we receive marketing approval;
- the implementation of our 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 our product candidates and technology;
- our expectations related to the use of proceeds from private placement offering, and estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- our ability to maintain and establish collaborations;
- our financial performance;
- developments relating to our competitors and our industry, including the impact of government regulation; and
- other risks and uncertainties, including those listed under the caption “Risk Factors.”

In some cases, forward-looking statements can be identified by terminology such as “may,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section entitled “Risk Factors” and elsewhere in this Report. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Report and the documents that we reference in this Report and have filed with the Securities and Exchange Commission as exhibits hereto completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this Report represent our views as of the date of this Report. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Report.

This Report includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. We are responsible for all of the disclosure contained in this Report, and we believe these industry publications and third-party research, surveys and studies are reliable.

Item 1.01 Entry into a Material Definitive Agreement.

The information contained in Item 2.01 below relating to the various agreements described therein is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

THE MERGER AND RELATED TRANSACTIONS

Merger Agreement

On March 7, 2017, we and Aerpio Therapeutics, Inc. entered into an Agreement and Plan of Merger and Reorganization, or the Merger Agreement. Pursuant to the terms of the Merger Agreement, on March 15, 2017, or the Closing Date, the Acquisition Sub merged with and into Aerpio Therapeutics, Inc., which was the surviving corporation and thus became our wholly-owned subsidiary.

Pursuant to the Merger, we acquired the business of Aerpio. See *"Description of Business"* below.

At the effective time of the Merger, or the Effective Time, the 2,895,994 shares of Aerpio's common stock issued and outstanding immediately prior to the closing of the Merger (including restricted common stock, whether vested or unvested, issued under the Aerpio 2011 Equity Incentive Plan, or the 2011 Plan) were converted into 1,240,925 shares of our Common Stock, and the 32,706,307 shares of Aerpio's preferred stock issued and outstanding immediately prior to the closing of the Merger were converted into 14,015,016 shares of our Common Stock. In addition, immediately prior to the Merger, the outstanding amounts under certain Senior Secured Convertible Promissory Notes issued by Aerpio to its pre-Merger noteholders were converted into an aggregate of 6,403,748 shares of Aerpio common stock, which shares of Aerpio common stock were converted into 2,744,059 shares of our Common Stock, together with the other shares of Aerpio common stock described above. As a result, an aggregate of 18,000,000 shares of our Common Stock were issued to the holders of Aerpio's capital stock.

In addition, pursuant to the Merger Agreement options to purchase 2,164,776 shares of Aerpio's common stock issued and outstanding immediately prior to the closing of the Merger were assumed and converted into options to purchase 927,592 shares of our Common Stock. See *"Description of Securities—Options"* below for more information.

Immediately after the Effective Time, on March 15, 2017, Aerpio converted into a Delaware limited liability company by the filing of a Certificate of Conversion with the Secretary of State of the State of Delaware, which we refer to as the Conversion.

Following the Merger and Conversion, and immediately prior to the closing of the Offering, the pre-Merger stockholders of Zeta Acquisition Corp. II surrendered for cancellation 4,000,000 of the 5,000,000 shares of the outstanding Common Stock of Zeta Acquisition Corp. II. We refer to these transactions as the Share Cancellation.

The Merger Agreement contained customary representations and warranties and pre- and post-closing covenants of each party and customary closing conditions.

The Merger was treated as a recapitalization and reverse acquisition for our company for financial reporting purposes. Aerpio is considered the acquirer for accounting purposes, and our historical financial statements before the Merger will be replaced with the historical financial statements of Aerpio before the Merger in future filings with the SEC. The Merger and the Conversion are intended to be treated as a tax-free reorganization under Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended.

The issuance of shares of our Common Stock, and options to purchase our Common Stock, to holders of Aerpio's capital stock and options in connection with the Merger was not registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an

issuer not involving any public offering, and Regulation D promulgated by the Securities and Exchange Commission, or the SEC, under that section. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement, and are subject to further contractual restrictions on transfer as described below.

The form of the Merger Agreement is filed as an exhibit to this Report. All descriptions of the Merger Agreement herein are qualified in their entirety by reference to the text thereof filed as an exhibit hereto, which is incorporated herein by reference.

The Offering

Following the Effective Time of the Merger, the Conversion and the Share Cancellation, we held a closing of our Offering in which we sold 8,049,555 shares of our Common Stock, at a purchase price of $5.00 per share, or the Offering Price.

Investors in the Offering have anti-dilution protection with respect to the shares of Common Stock sold in the Offering such that if within six (6) months after the initial closing of the Offering we issue additional shares of Common Stock or Common Stock equivalents (subject to customary exceptions, including shares of Common Stock issued or issuable upon conversion or exchange of any convertible securities or exercise of any options or warrants outstanding immediately following the Merger and the initial closing of the Offering; shares of Common Stock issued or issuable pursuant to an acquisition, merger, purchase of substantially all of the assets, or reorganization, but not including a transaction where the securities are issued solely for the purpose of raising capital or to an entity whose primary business is investing in securities; shares of Common Stock issued or issuable by reason of dividend, stock split, split-up or other distribution relating to any recapitalization, reorganization, or reclassification of capital stock, consolidation or merger, or the sale of substantially all of the assets without a change in control of our Company; issuances of awards to our officers, directors, employees or consultants pursuant to stock grants, option plans, purchase plans or other employee stock incentive programs or arrangements, including under our 2017 Stock Option and Incentive Plan, or the 2017 Plan and our Employee Stock Purchase Plan, or the ESPP; issuances to strategic investors in connection with an acquisition, collaboration, joint venture, technology license agreement, or other strategic transaction; and securities issued to financial institutions or lessors in connection with credit arrangements, equipment financings or lease arrangements, in the aggregate not exceeding 10% of the Common Stock outstanding), for consideration per share less than the Offering Price, or the Lower Price, each such investor will be entitled to receive from us additional shares of Common Stock in an amount such that, when added to the number of shares of Common Stock initially purchased by such investor and still held of record and beneficially owned by such investor at the time of the dilutive issuance, or the Held Shares, will equal the number of shares of Common Stock that such investor's Offering subscription amount for the Held Shares would have purchased at the Lower Price. Either (i) holders of a majority of the then-held Held Shares or (ii) a representative of the holders of the then-held Held Shares, which representative shall be appointed by three (3) investors who then hold the largest number of Held Shares, may waive the anti-dilution rights of all Offering investors with respect to a particular issuance by us.

The aggregate gross proceeds from the Offering were $40,247,787.73 (before deducting placement agent fees and expenses of the Offering, which are estimated at $4,751,697).

The Offering was exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated by the SEC thereunder. The Common Stock in the Offering was sold to "accredited investors," as defined in Regulation D, and was conducted on a "reasonable best efforts" basis.

The closing of the Offering was conditioned on the closing of the Merger and the Conversion.

In connection with the Offering, we agreed to pay, Raymond James & Associates, Inc., National Securities Corporation and Katalyst Securities LLC, each a U.S. registered broker-dealer, or collectively, the Placement Agents, a cash commission of 7% of the gross proceeds raised from investors in the Offering, and to issue to the Placement Agents warrants to purchase a number of shares of Common Stock equal to 7% of the number of shares of Common Stock sold in the Offering, with a term of 3 years from the initial closing date of the Offering and an exercise price of $5.00 per share, or the Placement Agent Warrants; however, a 6% commission was payable and no Placement Agent Warrants were issued in connection with the sale of shares of Common Stock in the Offering that were purchased by stockholders of Aerpio prior to the Merger or their affiliates.

As a result of the foregoing, the Placement Agents were paid an aggregate commission of $2,641,697 and were issued Placement Agent Warrants to purchase an aggregate of 317,562 shares of our Common Stock. We have also agreed to reimburse the Placement Agents for up to $170,000 of expenses incurred in connection with the Offering.

We have agreed to indemnify the Placement Agents to the fullest extent permitted by law, against certain liabilities that may be incurred in connection with the Offering, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments the Placement Agents and their sub-agents may be required to make in respect of such liabilities.

All descriptions of the Placement Agent Warrants herein are qualified in their entirety by reference to the text thereof filed as an exhibit hereto, which is incorporated herein by reference.

OTC Quotation

Our Common Stock is currently not listed on a national securities exchange or any other exchange or quoted on an over-the-counter market. In connection with the Offering, we intend to cause our Common Stock to be quoted on the OTC Markets QB tier as soon as practicable following the final closing date of the Offering. However, there can be no assurance that we will be able to do so and, even if we do so, there can be no assurance that our Common Stock will continue to be quoted on the OTC Markets or quoted or listed on any other market or exchange or that an active trading market for our Common Stock will develop. See "*Risk Factors—Our Common Stock may not be eligible for listing or quotation on any securities exchange*."

Registration Rights

Registration Rights Agreement. In connection with the Merger and the Offering, we entered into a Registration Rights Agreement, pursuant to which we have agreed that promptly, but no later than 60 calendar days from the final closing of the Offering, we will file a registration statement with the SEC, or the Registration Statement, covering (a) the shares of Common Stock issued in the Offering, (b) the shares of Common Stock issuable upon exercise of the Placement Agent Warrants, (c) the shares of Common Stock issued in exchange for the equity securities of Aerpio outstanding prior to the Merger and (d) 1,000,000 other shares of Common Stock, or collectively, the Registrable Shares. We will use our commercially reasonable efforts to ensure that such Registration Statement is declared effective within 150 calendar days after the final closing of the Offering. If we are late in filing the Registration Statement, if the Registration Statement is not declared effective within 150 days after the final closing of the Offering, if we fail to maintain the Registration Statement continuously effective as to all Registrable Shares included in such Registration Statement or the holders of Registrable Shares cannot use the Registration Statement to resell the Registrable Shares for a period of more than 15 trading days (other than suspension of the Registration Statement in connection with its post-effective amendment in connection with filing our Annual Report on Form 10-K for the time reasonably required to respond to any comments from the SEC or during a permitted blackout period as described in the Registration Rights Agreement) or after September 15, 2017, the Registrable Shares are not listed or quoted on OTC Markets, Nasdaq, NYSE, or NYSE MKT or trading of the Common Stock is suspended for more than 3 consecutive trading days, we will make payments to each holder of Registrable Shares as monetary penalties at a rate equal to 12% of the Offering Price per annum for each share affected during the period; provided, however, that in no event will the aggregate of any such penalties exceed 5% of the Offering Price per share. No monetary penalties will accrue with respect to any Registrable Shares removed from the Registration Statement in response to a comment from the staff of the SEC limiting the number of shares of Common Stock which may be included in the Registration Statement, or Cutback Comment, or after the Registrable Shares may be resold without volume or other limitations under Rule 144 or another exemption from registration under the Securities Act. Any cutback resulting from a Cutback Comment shall be allocated first to the shares of Common Stock issuable upon the exercise of the Placement Agent Warrants and second to the other Registrable Shares taken together, in each case pro rata based on the total number of such shares held by or issuable to each holder in such group.

We must keep the Registration Statement effective for five years from the date it is declared effective by the SEC or until (i) the Registrable Shares have been sold in accordance with such effective Registration Statement or (ii) the Registrable Shares have been previously sold in accordance with Rule 144. We must comply with the informational requirements of Rule 144 so long as any shares of Common Stock issued in the Offering are subject to Rule 144, regardless of whether we are subject to filing requirements under the Exchange Act.

We will pay all expenses in connection with any registration obligation provided in the Registration Rights Agreement, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of our counsel and of our independent accountants and reasonable fees and disbursements of counsel to the investors. Each investor will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any attorney or other advisor such investor decides to employ.

Aerpio Registration Rights Agreement. In addition, we entered into a separate registration rights agreement with certain of the pre-Merger stockholders of Aerpio and their affiliates, which we refer to as the Aerpio Registration Rights Agreement. The rights granted to such stockholders under the Aerpio Registration Rights Agreement take effect following such time as the Registration Statement described above no longer remains effective. The holders of 17,544,908 shares of our Common Stock are entitled to rights with respect to the registration of these securities under the Securities Act. The Aerpio Registration Rights Agreement includes demand registration rights, short-form registration rights and piggyback registration rights. All fees, costs and expenses of underwritten registrations under this agreement will be borne by us and all selling expenses, including underwriting discounts and selling commissions, will be borne by the holders of the shares being registered.

Following the date on which the Aerpio Registration Rights Agreement takes effect, we will be required, upon the written request of the holders of 30% of the registrable securities under the Aerpio Registration Rights Agreement, to file a registration statement on Form S-1 (if Form S-3 is not then available to us to use) and use commercially reasonable efforts to effect the registration of all or a portion of these shares for public resale. We are required to effect only two registrations pursuant to this provision of the Aerpio Registration Rights Agreement. In addition, if we are eligible to file a registration statement on Form S-3, upon the written request of the holders of at least 20% of the registrable securities, we will be required to use commercially reasonable efforts to effect a registration of such shares. We are required to effect only two registrations in any twelve month period pursuant to this provision of the Aerpio Registration Rights Agreement. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations. If we register any of our securities either for our own account or for the account of other security holders, the holders of these shares are entitled to include their shares in the registration. Subject to certain exceptions contained in the Aerpio Registration Rights Agreement, we and the underwriters may limit the number of shares included in the underwritten offering to the number of shares which we and the underwriters determine in our sole discretion will not jeopardize the success of the offering. The Aerpio Registration Rights Agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify holders of registrable securities in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

All descriptions of the Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as Exhibit 10.5 hereto, and all descriptions of the Aerpio Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as Exhibit 10.9 hereto each of which is incorporated herein by reference.

2011 Equity Incentive Plan and Outstanding Awards Thereunder

Pursuant to the Merger Agreement and upon the closing of the Merger, we assumed each option to purchase Aerpio common stock that remained outstanding under the 2011 Plan, whether vested or unvested, and we converted it into an option to purchase such number of shares of our Common Stock equal to the number of shares of Aerpio common stock subject to the option immediately prior to the Merger multiplied by the applicable Merger exchange rate (which was equal to 2.3336572) (with any fraction rounded down to the nearest whole number). The exercise price per share of each such assumed option is equal to the exercise price of the Aerpio option prior to the assumption divided by the applicable Merger exchange rate (which was equal to 2.3336572) (rounded down to the

nearest whole cent). Otherwise, each assumed option continues to have, and will be subject to, the same terms and conditions as applied to the Aerpio option immediately prior to the Merger, including, without limitation, the same vesting schedule. The terms of the 2011 Plan continue to govern the options covering an aggregate of 927,592 shares of our Common Stock subject to awards assumed by us except that all references in the 2011 Plan to Aerpio will now be deemed to be us. In addition, each unvested share of Aerpio restricted common stock issued under the 2011 Plan that was outstanding immediately prior to the Effective Time of the Merger was converted by virtue of the Merger into restricted Common Stock, equal to the number of shares of Aerpio common stock subject to the unvested shares of Aerpio restricted common stock immediately prior to the Merger multiplied by the applicable Merger exchange rate (which was equal to 2.3336572) (with any fraction rounded down to the nearest whole number). *See "Market Price of and Dividends on Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Compensation Plans" below for more information about the 2011 Plan and the outstanding awards thereunder.*

2017 Stock Option and Incentive Plan

On March 3, 2017, our board of directors adopted, and on March 10, 2017 our stockholders approved, the 2017 Stock Option and Incentive Plan, or the 2017 Plan, that will become effective on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders, which provides for the issuance of incentive awards of up to 4,600,000 shares of our Common Stock to officers, employees, consultants and directors, less the number of shares subject to issued and outstanding awards under the 2011 Plan that were assumed in the Merger. The 2017 Plan also provides that the number of shares reserved for issuance thereunder will be increased annually on the first day of each year beginning in 2018 by four percent (4%) of the shares of our Common Stock outstanding on the last day of the immediately preceding year or such smaller increase as determined by our board of directors. *See "Market Price of and Dividends on Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Compensation Plans" below for more information about the 2017 Plan.*

Employee Stock Purchase Plan

On March 3, 2017, our board of directors adopted, and on March 10, 2017 our stockholders approved, the Employee Stock Purchase Plan, or the ESPP, that will become effective upon the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. The ESPP provides for the issuance of up to 300,000 shares of our Common Stock for purchases made under the ESPP. The ESPP also provides that the number of shares reserved for issuance thereunder will be increased annually on the first day of each year beginning in 2018 by one percent (1%) of the shares of our Common Stock outstanding on the last day of the immediately preceding year or such smaller increase as determined by our board of directors. Our board of directors has not yet determined the timing for the offering periods under the ESPP. *See "Market Price of and Dividends on Common Equity and Related Stockholder Matters—Stock Plans" and "Executive Compensation—Equity Compensation Plans" below for more information about the ESPP.*

Departure and Appointment of Directors and Officers

Our board of directors is authorized to consist of, and currently consists of, eight members. Effective as of the Closing Date, Joseph Gardner, Muneer Satter, Paul M. Weiss, Caley Castelein, Anupam Dalal, Steven Prelack, Chau Khuong, and Pravin Dugel were appointed to the board of directors.

Also, effective as of the Closing Date, Joseph Gardner was appointed as our President and Chief Executive Officer, James Murphy was appointed as our Interim Chief Financial Officer, Kevin G. Peters was appointed as our Chief Scientific Officer, and Stephen Pakola was appointed as our Chief Medical Officer by our board of directors. Joseph Gardner will be our principal executive officer and James Murphy will be our principal financial and accounting officer for SEC reporting purposes.

See *"Management – Directors and Executive Officers"* below for information about our new directors and executive officers.

Lock-up Agreements and Other Restrictions

In connection with the Merger, each of our executive officers, directors named above, stockholders holding substantially all of the shares of Common Stock issued in exchange for shares held in Aerpio immediately prior to the Merger, certain other stockholders, and certain key employees, or the Restricted Holders, holding at the Closing Date an aggregate of approximately 18.9 million shares of our Common Stock, entered into lock-up agreements, or the Lock-Up Agreements, whereby they are restricted for a period of nine months after the Merger, or the Restricted Period, from certain sales or dispositions (including pledge) of all (or 80% in case of the holders of 915,000 shares) of our Common Stock held by (or issuable to) them, such restrictions together referred to as the Lock-Up. The foregoing restrictions will not apply to the resale of shares of Common Stock by any Restricted Holder in any registered secondary offering of equity securities by us (and, if such offering is underwritten, with the written consent of the lead or managing underwriter), or to certain other transfers customarily excepted.

In addition, each Restricted Holder and any stockholders holding or beneficially owning 1% or more of our Common Stock after giving effect to the Merger, agreed, for a period of 12 months following the Closing Date, that it will not, directly or indirectly, effect or agree to effect any short sale (as defined in Rule 200 under Regulation SHO of the Exchange Act), whether or not against the box, establish any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) with respect to the Common Stock, borrow or pre-borrow any shares of Common Stock, or grant any other right (including, without limitation, any put or call option) with respect to the Common Stock or with respect to any security that includes, relates to or derives any significant part of its value from the Common Stock or otherwise seek to hedge its position in the Common Stock.

Pro Forma Ownership

Immediately after giving effect to the Merger, the Conversion, the Share Cancellation, and the closing of the Offering, there were 27,049,555 shares of our Common Stock issued and outstanding as of the Closing Date, as follows:

- the stockholders of Aerpio prior to the Merger hold 18,000,000 shares of our Common Stock, excluding shares purchased by them in the Offering;
- investors in the Offering hold 8,049,555 shares of our Common Stock, excluding shares held by stockholders of Aerpio prior to the Merger; and
- the remaining 1,000,000 shares are held by persons who purchased such shares from pre-Merger stockholders of Zeta Acquisition Corp. II.

In addition, there are:

- 317,562 shares of Common Stock issuable upon the exercise of the Placement Agent Warrants;
- options to purchase an aggregate of 927,592 shares of our Common Stock that were issued under the 2011 Plan to former Aerpio option holders that have been assumed by us in connection with the Merger;
- 300,000 shares of our Common Stock are reserved under the ESPP, as of the Closing Date; and
- 4,600,000 shares of our Common Stock, less the number of shares subject to issued and outstanding awards under the 2011 Plan that were assumed in the Merger, reserved for issuance under the 2017 Plan as future incentive awards to executive officers, employees, consultants and directors, as of the Closing Date.

No other securities convertible into or exercisable or exchangeable for our Common Stock are outstanding.

Our Common Stock is not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market.

Accounting Treatment; Change of Control

The Merger is being accounted for as a "reverse merger" or "reverse acquisition," and Aerpio is deemed to be the acquirer in the reverse merger. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the Merger will be those of Aerpio, and will be recorded at the historical cost basis of Aerpio, and the consolidated financial statements after completion of the Merger will include the assets and liabilities of Aerpio, historical operations of Aerpio, and operations of Zeta Acquisition Corp. II from the closing date of the Merger. As a result of the issuance of the shares of our Common Stock pursuant to the Merger, a change in control of Zeta Acquisition Corp. II occurred as of the date of consummation of the Merger. Except as described in this Report, no arrangements or understandings exist among present or former controlling stockholders with respect to the election of members of our board of directors and, to our knowledge, no other arrangements exist that might result in a change of control of Zeta Acquisition Corp. II.

We expect to continue to be a "smaller reporting company," as defined under the Exchange Act, and an "emerging growth company" under the Jumpstart Our Business Startups Act, or the JOBS Act, immediately following the Merger. We believe that as a result of the Merger we have ceased to be a "shell company" (as such term is defined in Rule 12b-2 under the Exchange Act).

DESCRIPTION OF BUSINESS

Overview

Aerpio is a biopharmaceutical company focused on advancing first-in-class treatments for ocular disease. Our lead product candidate, AKB-9778, a small molecule activator of the Tie-2 pathway, is being developed for the treatment of diabetic retinopathy, or DR. We have completed a Phase 2 trial of AKB-9778 in 144 patients with diabetic macular edema. Based on the results from this trial, we believe AKB-9778 monotherapy has the potential to reduce the severity of DR. In contrast to marketed treatments for diabetic eye diseases that are administered by a physician via intravitreal injection, which is an injection into the eye, we intend to deliver AKB-9778 systemically by self-administered subcutaneous injection. We believe that this delivery method provides an opportunity to treat patients at an earlier stage, reducing the likelihood of these patients developing vision-threatening complications. We plan to initiate a twelve month, double-blind Phase 2 trial of AKB-9778 in patients with DR who have not developed more serious complications such as diabetic macular edema, or proliferative DR, in the second quarter of 2017. We expect to report topline results of this trial in the second quarter of 2019.

The underlying problem in diabetic complications is damage to the blood vessels caused by the presence of high blood glucose, commonly referred to as diabetic vasculopathy. This damage causes blood vessels to leak fluid and proteins into the surrounding tissue, leading to complications. For example, in the eyes, this damage leads to DR which can progress to diabetic macular edema, or DME. In other parts of the body such as the kidney, the damage leads to diabetic nephropathy and in the lower extremities, the damage leads to non-healing foot ulcers, peripheral artery disease and critical limb ischemia. These diabetic complications lead to life- and sight-threatening conditions including kidney dialysis, amputations and blindness that are costly to treat. Diabetic patients with complications are estimated to cost the health care system 3.5 times more than patients without complications. For example, the cost for kidney dialysis for diabetic patients averages $89,000 per year and the cost for the first year of DME therapy with Eylea (aflibercept) is $14,400 per eye, based on published Medicare allowable charges per dose and the frequency of dosing as approved by the FDA. If approved, we believe that systemic treatment with AKB-9778 has the potential to change the treatment paradigm for diabetics, initially for DR, and address a major societal problem by lowering the cost of care associated with this diabetic complication.

Diabetic eye disease is one of the most common and debilitating complications of diabetes. Over time, diabetes damages blood vessels in the eye. When this happens, a patient is said to have DR. These damaged blood vessels can leak blood proteins and fluid into the central portion of the retina, called the macula, which is responsible for high resolution central vision. The leakage of protein and fluid into the macula causes swelling, a condition called diabetic macular edema, or DME, which if left untreated results in decreased visual acuity and eventual blindness. Among an estimated 19.8 million U.S. adults forty years and older known to have diabetes (Types 1 and 2), 23.7%, or 4.7 million, have diabetic retinopathy and 3.8%, or 746,000, have DME. The likelihood of a person developing DME increases as DR progresses.

Sales of the two leading approved therapies for DME, Eylea (aflibercept), which is marketed by Regeneron and Lucentis (ranibizumab), which is marketed by Genentech, were over $5 billion worldwide in 2015. Given that the number of patients with DR is roughly five times of that for DME, we believe that a therapy that can reverse early ocular damage in patients with DR and slow or prevent the development of DME could have substantial clinical and commercial value. There is currently no approved disease-modifying therapy for treatment of diabetic retinopathy until after sight-threatening conditions like DME have developed.

AKB-9778 is a small molecule activator of the Tie-2 pathway that helps to stabilize blood vessel walls and prevent leaks in the eye, and based on pre-clinical models, potentially elsewhere in the body. Such leaks in the eye may eventually lead to the onset of DME and, in many cases, to loss of vision or even blindness. AKB-9778's mechanism of action reduces vasculature damage and restores vascular integrity. In contrast to current therapies for DME, which are all administered by a physician via an injection into the eye, AKB-9778 is being developed as a self-administered subcutaneous injection.

In addition to DR, the Tie-2 pathway is also implicated in other diabetic complications. Therefore, systemic treatment with AKB-9778 may address diabetic nephropathy and non-healing foot ulcers. If we are successful in developing and commercializing AKB-9778 for DR, we intend to conduct longer term clinical trials to evaluate AKB-9778's potential to reduce or delay the need for kidney dialysis and reduce amputations.

In addition to AKB-9778, we have two additional pipeline programs in development. AKB-4924 is a selective stabilizer of hypoxia-inducible factor-1 alpha, or HIF-1alpha, that is being developed for the treatment of inflammatory bowel disease. We have completed a Phase 1a clinical trial in healthy volunteers for AKB-4924. We may develop AKB-4924, subject to receiving additional funding, which we may seek to obtain in connection with a collaboration with a strategic and commercial partner. We may also advance ARP-1536, a humanized monoclonal antibody directed at the same target as AKB-9778. ARP-1536 is currently in preclinical development and may be developed for wet age-related macular degeneration and DME and subject to receiving additional funding, which may be from a collaboration with a strategic or commercial partner.

Our Strategy

Our objective is to become the leader in the treatment of diabetic eye disease. We are taking the following critical steps to achieve this goal:

- **Advance the development of AKB-9778 for DR**

  We plan to initiate a year-long, multi-center, randomized, placebo-controlled Phase 2 trial of AKB-9778 in approximately 150 patients for the treatment of non-proliferative DR in the second quarter of 2017. We expect to report topline data in the second quarter of 2019.

- **If approved, establish collaborations to commercialize AKB-9778 globally**

  If approved, we plan on commercializing AKB-9778 globally via a number of different collaborations. We intend to independently pursue the approval and commercialization of AKB-9778 for DR in the U.S. We believe that a number of health care providers, including ophthalmologists and endocrinologists, have the potential to treat early diabetic eye disease with AKB-9778, and we plan on utilizing a multi-faceted strategy that will engage these various health care providers. Outside of the U.S., we intend to pursue the approval and commercialization of AKB-9778 for DR through strategic collaborations. We may develop and commercialize AKB-9778 for other indications independently or through collaborations with third parties.

- **Investigate the potential of AKB-9778 in other indications**

  The downregulation of Tie-2 occurs in the vasculature of diabetics systemically, particularly in the kidney and in the peripheral circulation. While we are initially focused on the development of AKB-9778 for DR, our Phase 2 trial will include exploratory endpoints which will study the effects of AKB-9778 on diabetic kidney disease. If we observe signals of potential clinical benefit, we plan to engage with regulatory authorities to rapidly develop and seek approval in this indication.

- **Advance or partner our pipeline programs AKB-4924 and ARP-1536**

  We may develop our pipeline asset AKB-4924 in inflammatory bowel disease. For AKB-4924, we may partner or find new sources of financing to further advance this program. In addition, we may advance the clinical development of ARP-1536 for the treatment of wet age-related macular degeneration, or wet AMD, and for DME. We may explore partnering opportunities in order to potentially combine ARP-1536 with existing anti-VEGF therapies.

Our lead program: AKB-9778 for diabetic retinopathy and prevention of DME

We are developing AKB-9778, a small molecule activator of the Tie-2 pathway, for the treatment of diabetic retinopathy. We have completed a Phase 2 trial of AKB-9778 in 144-patients with diabetic eye disease. We observed the following results in this trial:

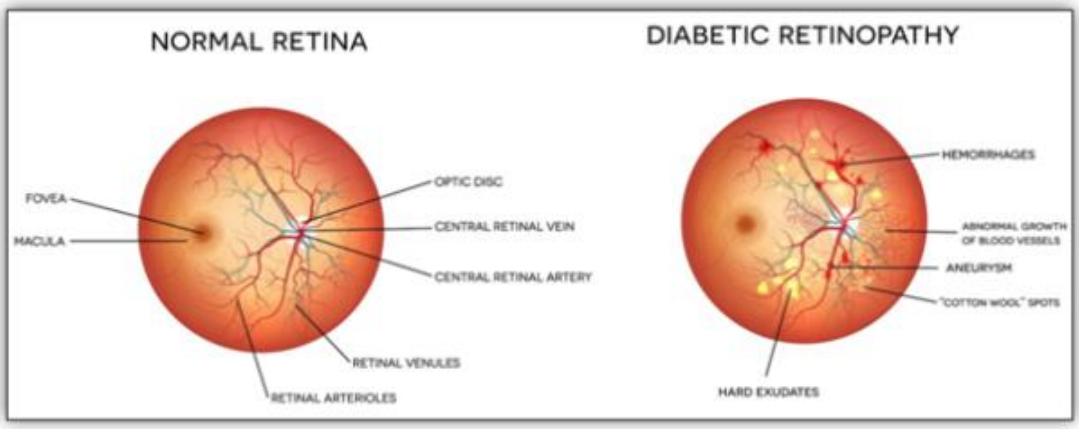
- We observed promising signs of reduction in the severity of diabetic retinopathy when AKB-9778 was used as a monotherapy.
- When AKB-9778 was used in combination with Lucentis (ranibizumab), we observed significant improvement in the central retinal thickness or CRT, an objective measure of macular edema, compared to ranibizumab monotherapy.
- AKB-9778 monotherapy had fewer ocular, non-ocular, and severe adverse events than either Lucentis (ranibizumab) monotherapy or combination therapy. All serious events resolved without any further complications.

Based on these results and the expected route of administration, via a subcutaneous injection, we made the strategic decision to pursue AKB-9778 as a treatment for DR, an indication with a prevalence of approximately five times that of DME.

Diabetic Retinopathy and Diabetic Macular Edema Overview

DR is a frequent complication of diabetes and is a leading cause of visual impairment and blindness among working-age individuals. Patients with diabetes develop leaky blood vessels that allow fluid and blood to leak into surrounding tissues. This leakage presents particular problems in areas of the body that are highly vascularized such as the retina of the eye. Fluid leakage in the eye can distort vision directly and the loss of blood flow to other parts of the retina can result in local oxygen deprivation or hypoxia. This hypoxia then triggers the formation of new blood vessels; however, these new vessels are often not well-formed and leaky, leading to further deterioration of vision. In some cases, there is excessive accumulation of fluid or edema near the center of the retina or macula that has severe effects on vision. This accumulation is referred to as macular edema or, in diabetic patients, diabetic macular edema or DME. This edema leads to thickening of the macula region of the retina and loss of visual acuity.

The severity of DR is evaluated using the Early Treatment Diabetic Retinopathy Study or ETDRS severity scale, also referred to as the Diabetic Retinopathy Severity Scale, or DRSS. This scale can be divided into steps with less severe disease having low scores. In its initial stages, DR is characterized by vascular changes in the retina that are detectable by color photography of the back of the eye, or fundus. In these early stages, visual function remains fairly intact although abnormalities in color vision and contrast sensitivity are often present. The natural history of DR in most patients is a progressive worsening that can be captured in fundus photographs. The progression of DR severity is associated with increased risk for vision loss due to the growth of abnormal blood vessels, which is typically classified as proliferative diabetic retinopathy (PDR) due to the development of DME. The various features of DR vascular dysfunction are illustrated in the following graphic.



The majority of diabetic patients will develop DR. By 20 years after disease diagnosis, nearly 100% of type 1 diabetics and 60% of type 2 diabetics develop DR. Among an estimated 19.8 million US adults forty years and older known to have diabetes (Types 1 and 2), prevalence rates for DR and DME were 23.7% (4.7 million) and 3.8% (746,000), respectively. We believe both DR and DME are likely to persist as public health problems due to both the aging of the global population and increasing prevalence of diabetes over time.

Current Treatments for DR and DME

Laser photocoagulation is sometimes used to treat DR prior to the development of DME. This treatment entails using a high-energy laser to destroy diseased retinal tissue and cauterize leaking blood vessels. While this therapy temporarily prevents further vision loss, it does not address the pathology of constant and prolonged vascular damage that happens in the diabetic retina, and is therefore not considered a disease-modifying therapy. In addition to destroying retinal tissue, laser photocoagulation can be associated with a number of adverse events including transient decreases in central vision, black spots in the center or around the center of a patient's vision, delayed or impaired adaption of vision in dark settings, or proliferation of abnormal blood vessels leading to macular edema.

All other currently approved therapies for diabetic eye disease, including anti-VEGF biologics and corticosteroids, treat vision loss associated with DME or PDR. Although these therapies are effective in either stabilizing or improving vision, most treated patients still lose a significant amount of visual acuity. There is no approved disease-modifying therapy for treatment of DR until after the sight-threatening conditions of DME or PDR have developed.

Once DME is present, the standard of care is frequent, monthly or every other month, injections of drugs into the eye that target vascular endothelial growth factor or VEGF. Intravitreal injections of anti-VEGF agents such as Lucentis (ranibizumab) or Eylea (aflibercept) are effective at reducing retinal thickness; however, the fluid and swelling often recur with discontinued therapy. These anti-VEGF therapies rarely provide a complete solution to the underlying vascular problem associated with DR and DME. In addition, both ranibizumab and aflibercept are associated with increased risks of blood clots in the arteries.

The typical response in DME from anti-VEGF therapy is that 30-40% of patients improve their visual acuity by 15 letters or more, referring to the number of letters, arranged in lines that the patient can read on the ETDRS eye chart. This leaves a significant portion of the patients with inadequate control of their disease.

There are a number of additional therapies that have been used to treat DME including corticosteroid anti-inflammatories such as triamcinolone, fluocinolone, and dexamethasone, which are all administered via injections into the eye. Novel sustained release corticosteroids such as Illuvien (fluocinolone), marketed by Alimera, and Ozurdex (dexamethasone), marketed by Allergan, have recently been approved for use in DME, which reduce the number of injections required to obtain and maintain clinical responses. Illuvien led to 15 letter improvements in visual acuity in approximately 15-30% of patients. Corticosteroid treatment, however, is associated with a significant increase in cataract formation and a rise in intraocular pressure, eliminating these agents as potential therapies in many patients.

Other than AKB-9778, through its Tie2 mechanism, we are currently not aware of any other drug candidates that have the potential to seal the leaky vasculature and prevent the fluid from building up.

Role of Tie-2 in Diabetic Disease

Tie-2 is an enzyme that is normally found in an activated state in healthy blood vessels. When active, Tie-2 is a key regulator of vascular stability and function. Tie-2 maintains blood vessel stability by several mechanisms, including tightening the junctions between the cells that line blood vessels; preventing fluid leak; and inhibiting the inflammation of blood vessels. A protein known as angiopoietin-1 or Ang-1 helps to maintain Tie-2 in an activated state by stimulating the addition of an activating phosphate group to Tie-2. In diabetic patients, the pathology of the disease leads to inappropriate inhibition of Tie-2, and hence greater destabilization of the vasculature, by two related mechanisms. First, the body produces excess levels of an endogenous inhibitor of Tie-2 known as angiopoietin 2 or Ang-2. Second, the body inappropriately upregulates the activity of an enzyme that removes the activating phosphate group from Tie-2, overcoming the positive impact of Ang-1. This enzyme is known as vascular endothelial protein tyrosine phosphatase or VE-PTP.

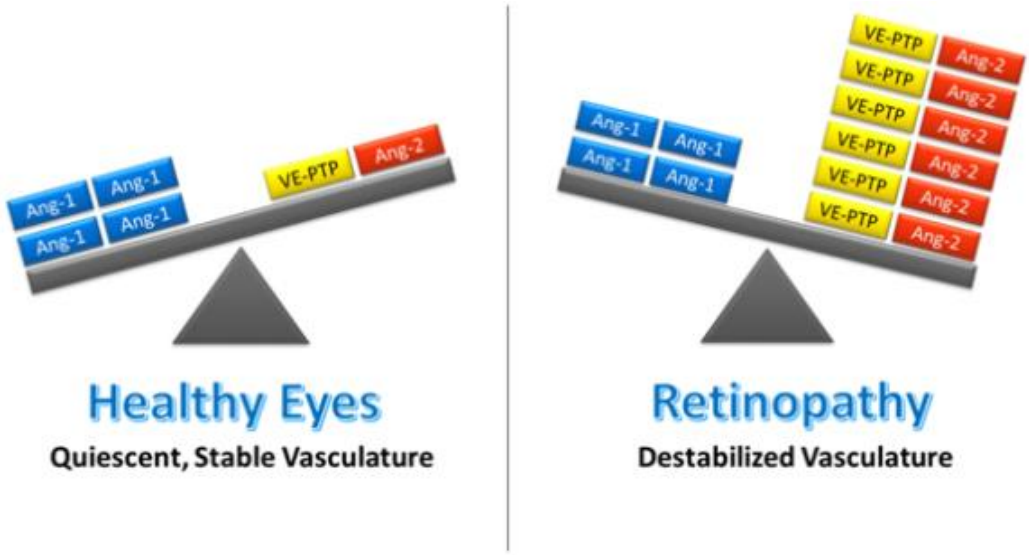


Figure 1: Ratio to Tie-2 activating mechanism, Ang-1, and Tie-2 deactivating mechanisms, Ang-2 and VE-PTP, are altered in the eyes affected by vascular dysfunction. This leads to vascular breakdown in the retina and ultimately to vision loss and blindness.

Our Solution AKB-9778

AKB-9778 works by inhibiting VE-PTP, an enzyme that is upregulated in diabetic eye disease and that is responsible for inactivating Tie-2. AKB-9778 was developed using modern drug discovery techniques such as structure-based drug design to selectively target VE-PTP. The methods employed were similar to those described in a 2006 publication in the journal Bioorganic & Medicinal Chemistry Letters by Amarasinghe et al. AKB-9778 inhibits VE-PTP at sub-nanomolar concentrations and has a high degree of selectivity. AKB-9778 does not significantly inhibit other human protein tyrosine phosphatases, and thereby minimizes the potential for off-target side effects. Inhibition of VE-PTP by AKB-9778 then leads to activation of Tie-2.

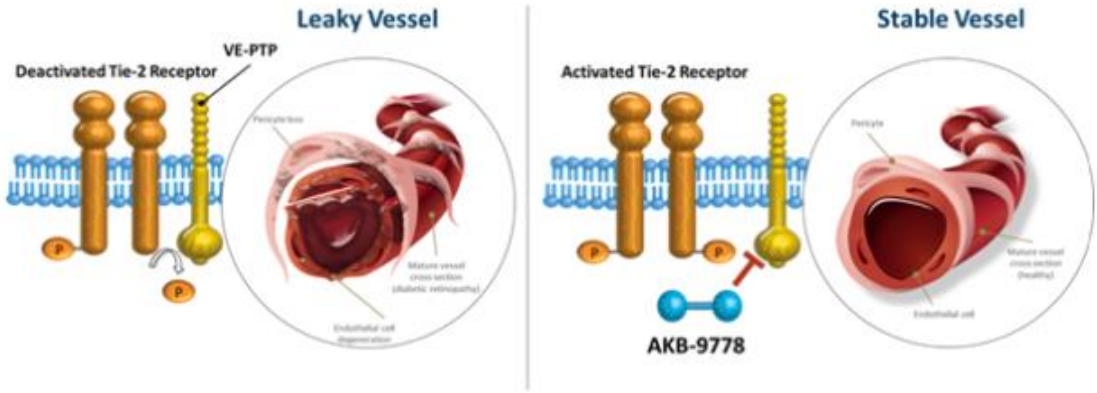


Figure 2: High VE-PTP and Ang2 levels inactivate Tie-2 in the in diabetic eyes. The upregulation of VE-PTP in diabetic eyes deactivates the Tie-2 receptor via removal of activating phosphate groups, left panel. AKB-9778 inhibits VE-PTP rendering it unable to deactivate the Tie-2 receptor; thereby activating Tie-2 and promoting vessel stability, right panel.

Clinical Results in DME

In the design of our completed phase 2 study we took advantage of the systemic route of administration with the ability to treat both eyes. The treatment of both eyes provided us the opportunity to measure fluid build-up in the study eye, which had DME, using the central subfield thickness endpoint (CST), and also measure improvement in diabetic retinopathy severity in both eyes. It is well known in the literature that the majority of patients with DME and DR in one eye, the designated study eye, will also have DR in the fellow eye as the majority of the patients have bilateral disease, i.e. they have DR in both eyes.

We completed a double-blind Phase 2 trial in 144 patients with AKB-9778 in DME. In this trial 15 mg of AKB-9778 was administered by subcutaneous injection twice daily for three months either as monotherapy or in combination with intravitreal injections of ranibizumab. Patients were randomized to receive subcutaneous AKB-9778 + sham intravitreal injections, subcutaneous AKB-9778 + ranibizumab intravitreal injections, or subcutaneous placebo + ranibizumab intravitreal injections. Only one eye, designated as the study eye, received the intravitreal injections. In addition to efficacy measures based on parameters related to DME, the efficacy of these agents on DR was also evaluated using predefined criteria. The DR efficacy in the study eyes was assessed in 118 patients with study eyes having DRSS scores of less than seven, which represents moderate to severe disease severity, a level of disease that we believe may be reversible. Because AKB-9778 was dosed systemically, as stated above, we were also able to assess the potential efficacy of AKB-9778 in the absence of any intravitreal injections. Of the 144 patients in this trial, 94 of them had DR in the other eye, or the fellow eye, with a DRSS score of less than seven and had not received other treatments during the study treatment period.

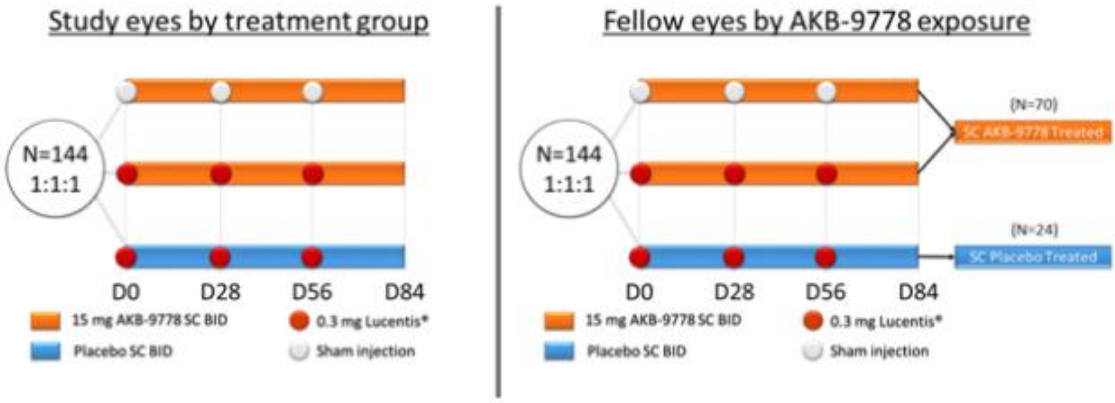


Figure 3. AKB-9778 Phase 2 Trial Design. In the study eye, groups were analyzed by treatment assignment for change in central retinal thickness and change in diabetic retinopathy severity score (DRSS). In the fellow eye, change in DRSS was analyzed by whether the patient had been exposed to systemic AKB-9778 or not.

Efficacy in DME was evaluated by measuring the thickness of the macula using a standard criterion called central subfield thickness, or CST. As edema, or fluid leak from blood vessels increases, the macula layer becomes distended, and rather than having a normal thickness of less than 300 uM, the DME patients in this trial had an average CST of approximately 500 uM.

The reduction in retinal thickness was measured using optical coherence tomography or OCT, an imaging technology providing high resolution images showing changes in retinal thickness. An example of this imaging technology and the effect seen by the combination of AKB-9778 and monthly ranibizumab injections from a single patient in the Phase 2 clinical trial is provided below. Prior to entering into this trial, this patient received 16 treatments with anti-VEGF antibodies over the course of two years but the patient's disease appeared to be refractory to these treatments. The patient entered the trial with an 820uM thick retina which decreased to 248uM after one month of treatment with AKB-9778 and ranibizumab. This decrease was stabilized through the three months on the trial. This patient gained 20 letters, or 4 lines, of vision on an ETDRS eye chart. The observed effect of this combination therapy with AKB-9778 was significantly better than the historical result seen with anti-VEGF therapy alone.

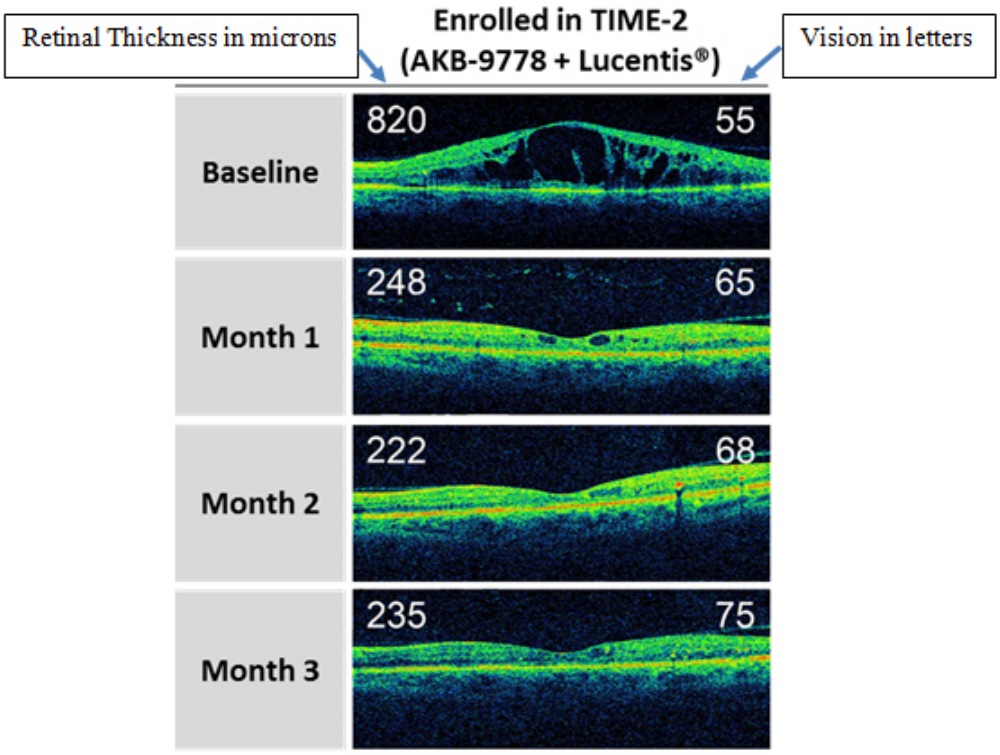


Figure 4. Decrease in retinal thickness in an individual patient from the AKB-9778 Phase 2 Trial: A patient with a 2 year anti-VEGF treatment history received combination therapy: daily AKB-9778 with monthly Lucentis®. Retinal thickness was measured by OCT and is reported in the figure in mm.

In the cohort of patients treated with the combination of AKB-9778, and ranibizumab, there was a significantly greater reduction in macular edema (164.4 µm) compared to that achieved by ranibizumab monotherapy (110.4 µm; p=0.008). The mean CST at end of treatment was 340.0 µm with 29.2% of eyes achieving a CST less than 300 µm in the AKB-9778 combination group versus 392.1 µm with 17.0% of eyes achieving a CST less than 300 µm in the ranibizumab monotherapy group. The improvement in CST when AKB-9778 was used in combination increased between the second and third months of treatment. Based on this pattern we believe that longer treatments with the combination of ABK-9778 and ranibizumab have the potential to further reduce CST. AKB-9778 monotherapy did not show efficacy in reducing macular edema. The long standing DME in the TIME-2 study, duration of DME roughly 5 years, is characterized by large VEGF loads. Anti-VEGF therapy is required to reduce the VEGF load and the resultant permeability. In animal models, we observed that concurrent therapy with AKB-9778 activates the Tie2 receptor and normalizes vasculature in the back of the retina improving blood flow and oxygenation and reducing the stimulation of VEGF. This is why combination therapy may produce greater clinical activity than anti-VEGF alone and why Tie2 therapy alone has minimal benefit as it relates to VEGF-driven vascular permeability. In earlier disease, where vascular compromise has not progressed far enough to stimulate a VEGF response, we believe AKB-9778 may be able to restore vascular architecture and re-establish flow and oxygenation to retinal tissue delaying or preventing the onset of DME.

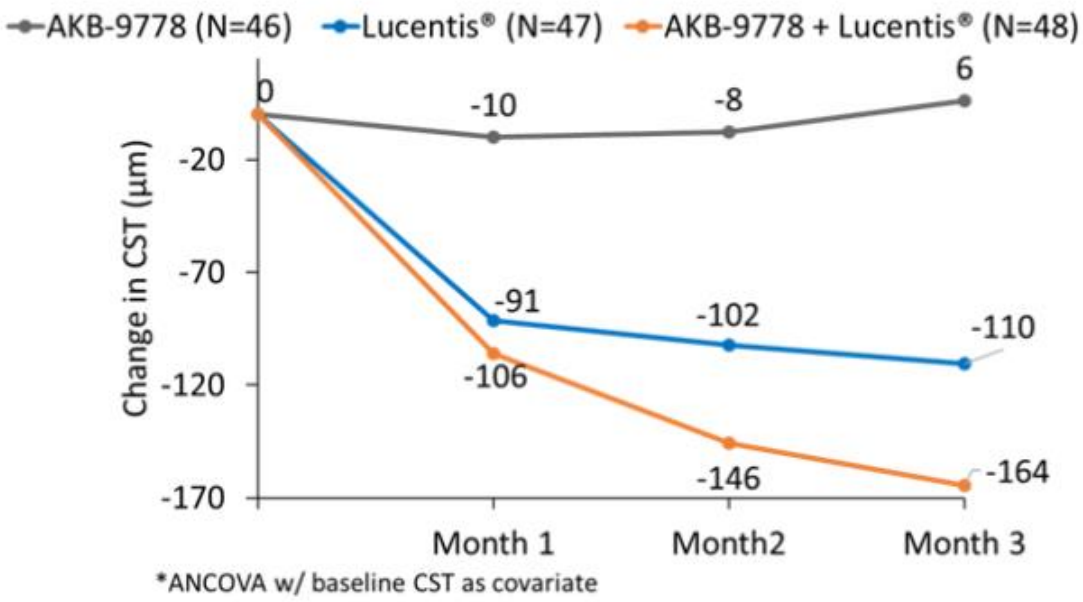


Figure 5. Aggregate Data for Reduction in CST in Phase 2 trial in patients with DME. Patients received AKB-9778 or placebo by subcutaneous injection twice a day or ranibizumab or placebo by intravitreal injection once per month or a combination of both agents for a total of three months.

In addition to CST score, a second measure of efficacy in DME is the improvement in visual acuity as determined by the number of letters, arranged in lines that the patient can read on the ETDRS eye chart. Each line on the ETDRS eye chart has five letters. This is a well-established standardized chart of vision testing used in trials involving visual acuity. The difference between the best corrected visual acuity, or BCVA, at baseline and after three months on the trial in these patients was 1.5 letters in the AKB-9778 monotherapy group, 5.7 letters in the Lucentis monotherapy group, and 6.3 letters in the AKB-9778 combination group. The percentage of eyes that gained ^{3}10 letters or ^{3}15 letters was 8.7% and 4.3% in the AKB-9778 monotherapy group, respectively, 29.8% and 17.0% in the Lucentis monotherapy group, respectively, and 35.4% and 20.8% in the AKB-9778 combination group, respectively. We believe that although treatment with AKB-9778 did not lead to a statistically significant improvement in BCVA after three months of treatment in DME patients, the trend towards improved scores may become statistically significant upon longer treatment. Based on the data from the Lucentis pivotal trials we believe that longer duration therapy, such as six months or one year, may produce larger improvements in visual acuity.

	AKB-9778 (N=46)	Lucentis® (N=47)	AKB-9778 + Lucentis® (N=48)
Mean Δ from BL, letters	1.5	5.7	6.3
≥ 10 letters, %	8.7	29.8	35.4
≥ 15 letters, %	4.3	17.0	20.8

BL = Baseline

Figure 6. BCVA changes in AKB-9778 Phase 2 DME trial.

Clinical Results in DR

The severity of DR was assessed using the ETDRS grading of standard retinal photographs. Grading is based on an 11-point scale whose progression is measured through a series of discrete steps. These steps are referred to as the DRSS.

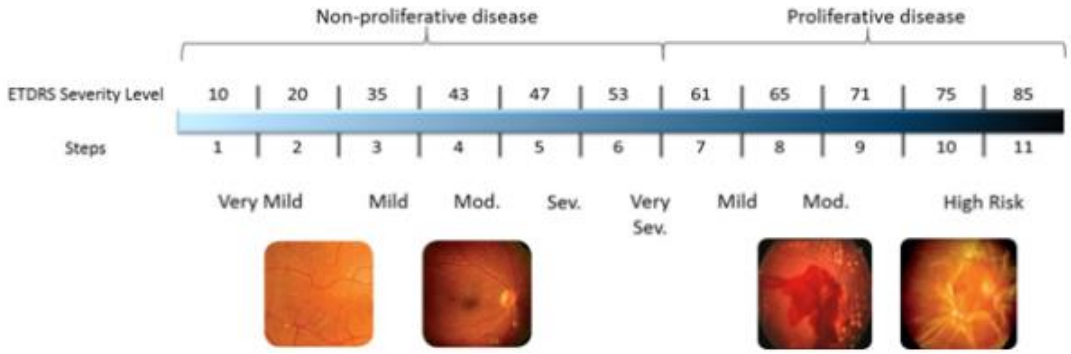


Figure 7: The Diabetic Retinopathy Severity Scale or DRSS is based on the presence of pathology in standardized photographs of the retina. Progression is measured in a series of discrete steps, with a higher step number indicating more severe disease.

Improvement in diabetic retinopathy severity in study eyes was similar across groups in the three-month, AKB-9778 Phase 2 study, with approximately 10% of patients in each group achieving a [3] 2 step improvement in DRSS. Importantly, AKB-9778 was associated with approximately the same response rate as ranibizumab, an approved therapy for DR in the presence of DME. A key difference between these two agents is that ranibizumab was administered by an injection into the eye by a clinician while AKB-9778 was administered by subcutaneous injection, which we believe may result in greater patient compliance due to ease of administration.

The activity of AKB-9778 in the fellow eye was assessed using the same criteria. None of the fellow eyes received any intravitreal injections of ranibizumab or sham. Out of the 94 patients with fellow eyes with previously untreated DR, 24 of them received subcutaneous placebo and 70 of them received subcutaneous AKB-9778. In the placebo group, 4.2% of fellow eyes showed [3]2-step improvement in diabetic retinopathy severity score after three months of treatment, compared to 11.4% of such eyes in the AKB-9778. The systemic nature of this treatment approach allows AKB-9778 to reach the vasculature of both eyes, potentially treating both eyes with one treatment.

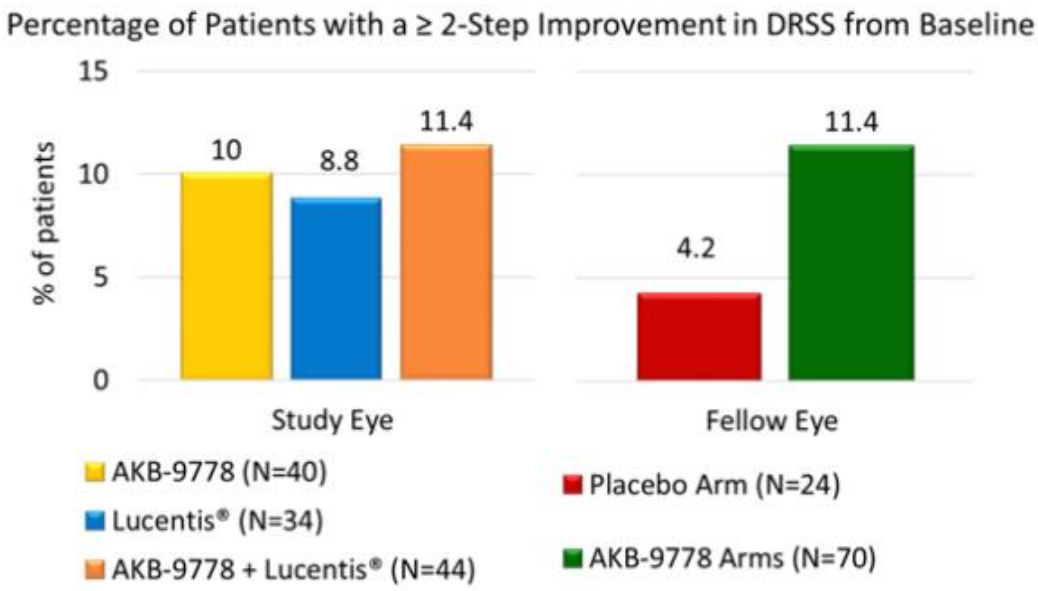


Figure 8. Percent of patients where the severity of their diabetic retinopathy improved by 2 or more steps in three months of treatment in a Phase 2 trial.

Because the likelihood of development of macular edema or proliferative diabetic retinopathy increases as DR severity increases, we believe improvement of underlying DR or prevention of its progression could reduce visual disability associated with diabetes.

Safety

There were a total of fifteen severe adverse events in the three-month treatment period of the Phase 2 trial with four considered to be treatment-related. Three of these treatment-related events occurred in a single patient who was enrolled in the ranibizumab monotherapy arm and who experienced two severe headaches and one migraine event. A second patient in the AKB-9778 combination therapy group reported a severe treatment-related hypoglycemia event.

Preclinical Results

In vitro experiments confirmed that manipulation of VE-PTP is a critical component of Tie-2 regulation. The presence of Ang-1 or Ang-2 has little impact on Tie-2 activity when AKB-9778 is present and inhibiting VE-PTP. Thus we believe that inhibition of VE-PTP by AKB-9778 has the potential to have greater activity than other product candidates in development that specifically target Ang-2 to activate the Tie-2 receptor.

Approved therapies for DME currently target two underlying mechanisms: overexpression of VEGF which is targeted by the anti-VEGF antibody based therapies such as ranibizumab and aflibercept, and inflammation, which is targeted by corticosteroids such as fluocinolone and dexamethasone. In a well-established model of vascular leakage, the Miles assay, AKB-9778 was able to significantly reduce leakage induced by histamine, a mediator of inflammation, and VEGF suggesting that AKB-9778 may demonstrate activity regardless of the underlying mediator of vascular leak.

Considering this broad activity, we believe AKB-9778 may have a stronger disease modifying effect versus competing products, particularly in diabetic patients where several inflammatory mediators are known to be impacting the vasculature.

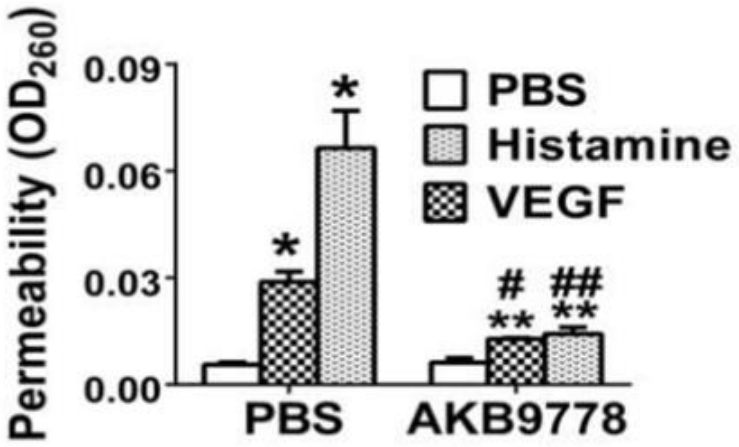


Figure 9. AKB-9778 significantly reduces both histamine and VEGF induced leakage in a Miles assay. In a mouse model of vascular permeability, AKB-9778 reduces the ability of dye to leak into surrounding tissue. (*p<0.01 compared with PBS control; #p<0.01versus VEGF/vehicle control; ##p<0.01 versus histamine/vehicle control; **p<0.05 versus PBS control

Rationale for Selecting Diabetic Retinopathy as Development Indication

We have chosen to focus our development of AKB-9778 in DR for several reasons:

- Opportunity to treat diabetic eye disease at an earlier stage
- Patient compliance and convenience benefit of subcutaneous method of administration
- High unmet medical need and market potential
- An established regulatory path for the treatment of diabetic retinopathy

Treating patients earlier in the disease process, before the onset of vision-threatening pathology, represents a market opportunity with significant unmet need. Currently, no disease modifying therapy exists for earlier stage DR with the same convenience of AKB-9778. We believe systemic treatment with AKB-9778 has the potential to reverse or prevent vascular damage that is the hallmark of early diabetic eye disease potentially resulting in the delay or prevention of development of advanced complications such as DME. Current therapies, including ranibizumab and aflibercept, are only approved for the treatment of DR that exists in the presence of DME. These therapies are administered by repeat injections into the eye and are associated with significant risks. These existing therapies, therefore, are not appropriate for treating a broader patient population with early stage disease where these factors are associated with significant morbidity.

We believe AKB-9778 monotherapy provides a promising opportunity for the treatment of early stage DR. As a patient self-administered therapy, AKB-9778 could potentially reduce the burden of treatments and office visits associated with other treatments for diabetic eye disease. This is of particular importance given emerging evidence that even patients with more advanced disease whose vision is at risk from diabetic eye disease do not visit ophthalmologists and receive treatment on a regular basis. A treatment that does not require an office visit could potentially be a solution to this problem. A majority of patients with early DR will have bilateral disease with fairly well preserved visual acuity. We believe these patients are more likely to accept a therapy based on subcutaneous injections, a delivery method that is already familiar to most diabetics, than an injection into the eye. The systemic nature of this treatment approach allows AKB-9778 to reach the vasculature of both eyes, treating both eyes with one administration.

If approved by the FDA, AKB-9778 will, to our knowledge, be the only patient self-administered drug to treat non-proliferative diabetic retinopathy with subcutaneous injections, a delivery method that, according to market research we have conducted, is preferred by patients compared to injections into the eye. In addition, AKB-9778 has the potential to decrease the need for the anti-VEGF drugs if it delays or prevents disease progression to DME, an effect we intend to investigate in post marketing studies.

It is estimated that roughly one in every three diabetics has underlying diabetic retinopathy while one in every fourteen diabetics has underlying diabetic macular edema. This translates into the DR market being roughly five times larger than the DME market.

The recent approval of ranibizumab and aflibercept for the treatment of DR in the setting of DME as well as the recently agreed upon special protocol assessment between Regeneron and the FDA on the Phase III PANORAMA study has established a development path in DR. We are powering our Phase 2 trial to show a statistically significant difference between AKB-9778 and placebo in the proportion of patients improving by ³ 2-steps on the ETDRS diabetic retinopathy severity scale.

Clinical Plans in Diabetic Retinopathy

In the second quarter of 2017, we plan on initiating a 150 patient, double-blind Phase 2 trial of once- and twice-daily AKB-9778 compared to placebo to evaluate the safety and efficacy of AKB-9778 dosed for twelve months in subjects with moderate to severe DR without DME. We expect to enroll patients at 35 to 45 sites for this trial, and expect to have topline data from this trial available in mid-2019.

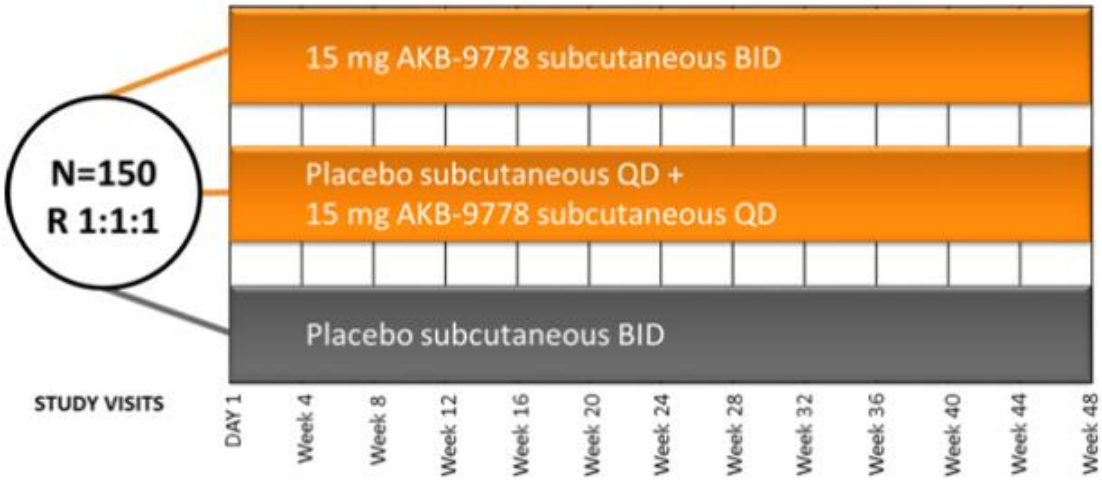


Figure 10. Trial design for Phase 2 trial in DR with AKB-9778

Other Potential Indications

Systemic therapy with AKB-9778 could also provide therapeutic benefits in other areas of the body affected by diabetes, including in the kidneys and the lower legs. Treatment that could affect these tissues could potentially prevent or delay the need for more extreme interventions such as kidney dialysis or amputation of the lower extremities. We intend to include in our Phase 2 trial of AKB-9778 exploratory endpoints to study the effects of AKB-9778 on parameters of diabetic kidney disease, including urine creatinine albumin ratio. If approved for such indications, we believe that systemic treatment with AKB-9778 has the potential to change the treatment paradigm for diabetics and solve a major societal problem by lowering the cost of care associated with diabetic complications. The cost to society is significant. Diabetic patients with complications are estimated to cost the health care system 3.5 times more than patients without complications. For example, dialysis patients cost an average of $89,000 per year and the cost for the first year of DME therapy with Eylea® cost is $14,400 per eye based on published Medicare allowable charges per dose and the frequency of dosing as approved by the FDA.

ARP-1536

We may advance the clinical development of ARP-1536 for the treatment of wet age-related macular degeneration or wet AMD, as well as of DME. We believe that, in combination with anti-VEGF therapy, ARP-1536 could represent the next standard of care for vision-threatening retinopathies such as wet AMD and DME.

ARP-1536 is a humanized monoclonal antibody currently in late stage preclinical development that is directed at the same target as AKB-9778. We believe that ARP-1536 has potential to increase the effectiveness of current therapies in DME based on the proof of concept activity generated by AKB-9778 in a Phase 2 trial. In this trial, AKB-9778 led to a significant reduction in the severity of DME when used in combination with ranibizumab, a VEGF inhibitor approved for the treatment of DME. This result helps validate the hypothesis that activating Tie-2 can have therapeutic benefit even in patients with late stage diabetic eye disease. Subject to obtaining sufficient funding to support further development, we may advance ARP-1536 in DME. We believe that intravitreal administration of ARP-1536 in patients with DME would be complimentary to current DME therapies that are administered by intravitreal injection. We may explore partnering opportunities in order to potentially combine ARP-1536 with existing anti-VEGF therapies.

ARP-1536 binds the extracellular domain of VE-PTP inhibiting its ability to interact with Tie-2. Our preclinical development program has shown that inhibiting VE-PTP with an antibody results in an activity profile similar to AKB-9778 in a number of different models of retinopathy.

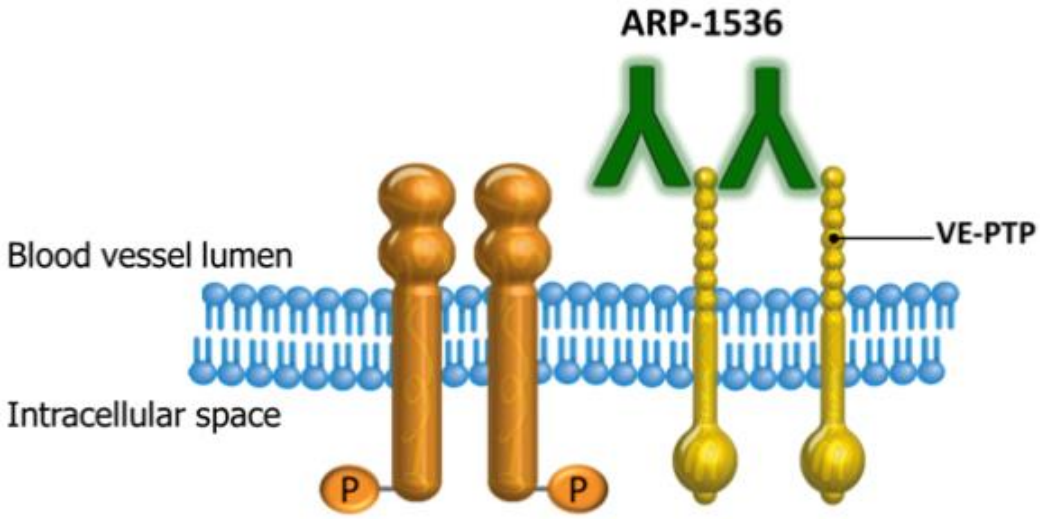
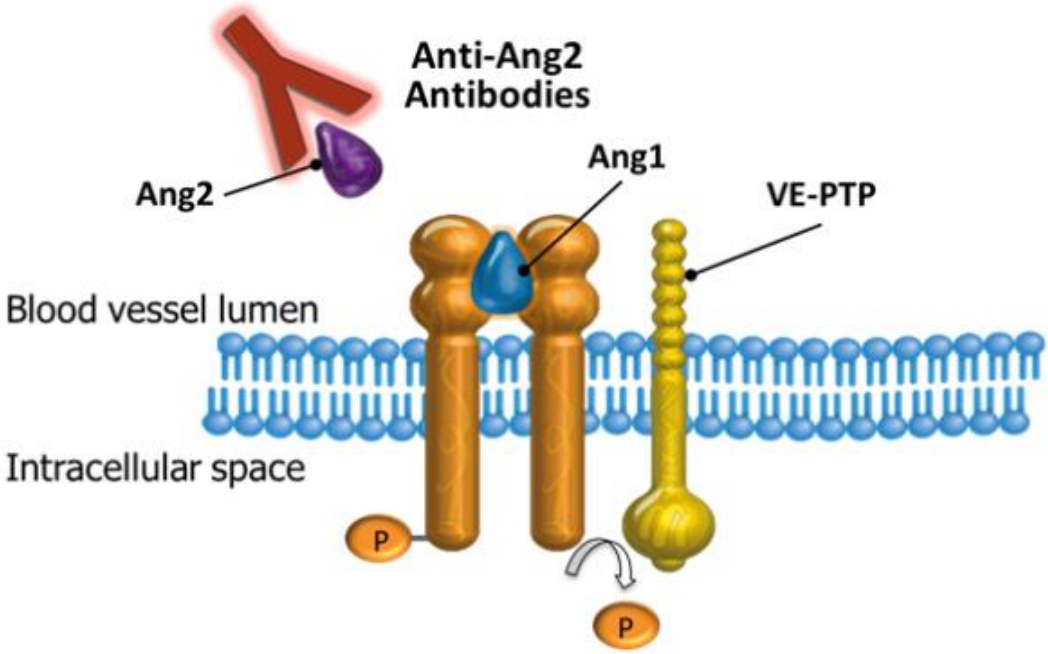


Figure 11. ARP-1536 binds the extracellular domain of the VE-PTP inhibiting its ability to interact with and inactivate the Tie-2 receptor.

Our Phase 2 trial with AKB-9778 demonstrated a significant reduction in central retinal thickness or CRT, a standard measure of the severity of macular edema, when AKB-9778 was administered in combination with ranibizumab. We believe that, based on the combination of this result and preclinical data that we and others have generated, inhibition of VE-PTP is a therapeutically relevant mechanism for the treatment of macular edema. Treating wet AMD and DME by inhibiting VE-PTP with a monoclonal antibody approach allows for dosing as an intravitreal injection either as a standalone in combination with anti-VEGF therapy as a single syringe approach.

We believe that ARP-1536 may hold a competitive advantage versus other product candidates that are currently in development that target other aspects of the Tie-2 pathway. We are aware that two other companies are developing agents that inhibit Ang-2, a natural antagonist of Tie-2. Ang-2 can bind to Tie-2 and prevent Ang-1 dependent activation. However, simply reducing the levels of Ang-2 has no effect on the activity of VE-PTP, which inactivates Tie-2 further downstream of Ang-2 binding. Direct inhibition of VE-PTP has a larger effect on Tie-2 activation than elimination of Ang-2.



A.

B.

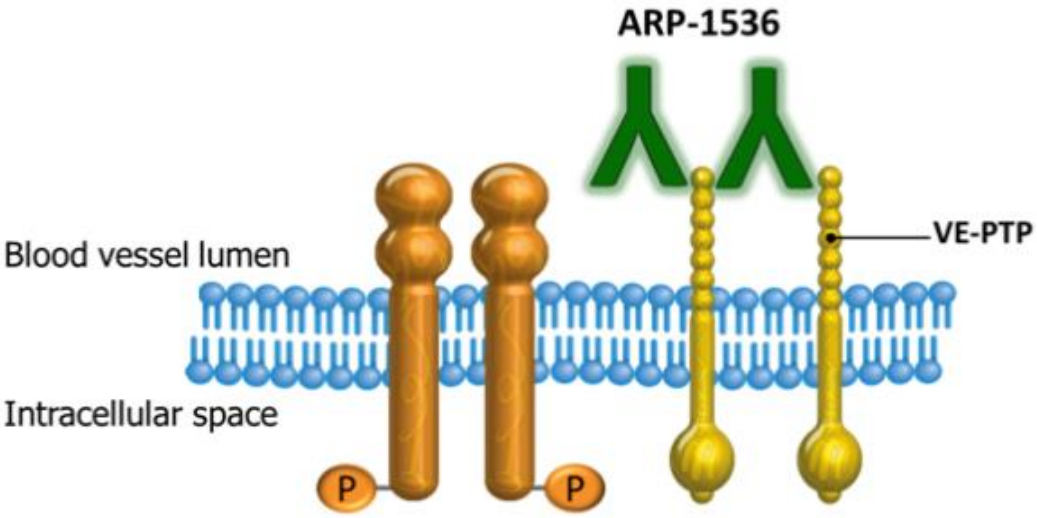


Figure 12. (A) Inhibiting Ang2 does not address VE-PTP, the most downstream inhibitor of Tie2. (B) ARP-1536 inhibits VE-PTP, the most downstream and critical negative regulator of Tie2.

Preclinical Data

Preclinical experiments with a mouse version of ARP-1536 have demonstrated that it leads to activation of Tie-2 and reduced neovascularization in multiple models of retinopathy. We believe that this VE-PTP antibody offers the potential for targeting the Tie-2 pathway in DME as well as in multiple vascular diseases while providing the benefit of less frequent dosing. We have a number of issued patents and pending patent applications covering anti-VE-PTP antibodies and their uses. We are currently pursuing IND enabling studies with this antibody.

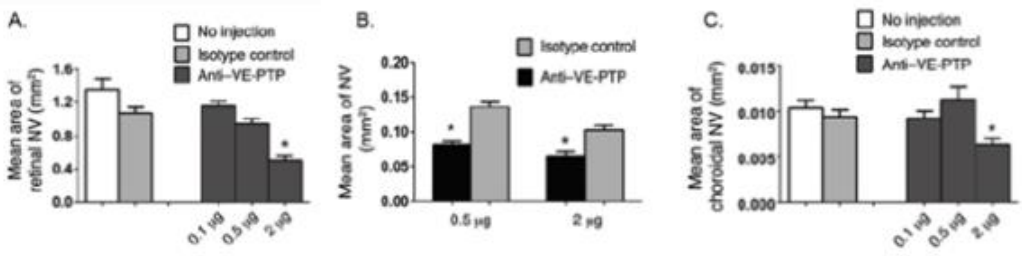


Figure 13. Anti-mouse VE-PTP reduces neovascularization in multiple animal models of retinopathy. A. Ischemic retinopathy, B. Rho/VEGF, C. CNV (choroidal neovascularization).

All currently approved anti-VEGF therapies in DME have also been approved for use in wet age-related macular degeneration. This suggests that ARP-1536 may also demonstrate activity in this disease. In a mouse choroidal neovascularization model that is predictive of drug effects in patients with neovascular AMD, inhibition of VE-PTP significantly reduced CNV in comparison to placebo.

AKB-4924

We may develop AKB-4924 as a once-daily oral pill for the treatment of inflammatory bowel disease, or IBD. IBD is a group of inflammatory and autoimmune conditions that affect the gastrointestinal tract, typically resulting in severe abdominal pain, weight loss, vomiting and diarrhea. The most common forms of IBD include ulcerative colitis and Crohn’s disease, which are estimated to affect approximately 1.3 million people in the United States. Chronic IBD can be a debilitating condition, and advanced cases may require surgery to remove the affected region of the bowel. Based on the data observed in preclinical and clinical studies to date, we believe that AKB-4924 may have advantages over other products that are either currently approved or in late stage development for IBD. We are considering our path forward to develop AKB-4924 including potentially seeking a strategic and commercial partner.

AKB-4924 is a selective stabilizer of hypoxia-inducible factor-1 alpha or HIF-1alpha Current therapies are primarily focused on broad spectrum immunosuppressants which only indirectly promote healing of damaged tissue. In contrast, HIF-1alpha stabilization has been shown to selectively reduce inflammation as well as directly stimulate restoration of the intestinal barrier in animal models and thus represents an attractive novel target.

AKB-4924 works by inhibiting HIF prolyl-hydroxylase enzymes. Unlike other compounds currently in development that act broadly against all forms of HIF, AKB-4924 selectively stabilizes a specific form of HIF, HIF-1alpha. HIF-1alpha has a profound effect on innate immunity and epithelial barrier function. However, HIF-1alpha differs from these other HIF forms in that it does not stimulate the formation of new red blood cells. That characteristic of greater selectivity could, we believe, make AKB-4924 a more attractive means to target HIF in IBD. We have tested AKB-4924 in multiple preclinical models of IBD and it has shown activity in these models. We recently completed a Phase 1a single-ascending dose trial in healthy volunteers with orally administered AKB-4924. We observed a consistent dose/exposure relationship with no notable adverse events at any dose level. Importantly, we observed no stimulation of erythropoietin expression, which may lead to a dose-limiting safety effect. Based on the preclinical data seen to date, we believe that AKB-4924 has therapeutic potential for the treatment of IBD via a once-daily, oral route of administration. We believe that the potency, selectivity, activity in animal models, and the ability to dose AKB-4924 orally distinguish it from other agents targeting this pathway.

Current IBD Treatments

Current therapies that are primarily focused on broad spectrum anti-inflammatory molecules or immunosuppressants which only indirectly promote healing of damaged tissue. These therapies include aminosalicylate derivatives such as mesalazine, corticosteroids such as prednisone, and immunomodulatory biologics such as infliximab. Each of these therapies is associated with their own side effects ranging from hypersensitivity to increasing the risks of developing malignancies or reactivation of latent viral infections.

While reducing inflammation and modulating the immune response address key pathological processes in IBD, these approaches do not directly target some of the underlying causes of the disease. Those causes include defects in the cell-to-cell junctions of the intestinal cell wall that can lead to the triggering of the immune system. HIF-1alpha stabilization has been shown to selectively reduce inflammation as well as directly stimulate restoration of this intestinal barrier in animal models and thus represents an attractive novel approach to treating this disease.

Our Solution AKB-4924

AKB-4924 belongs to a group of compounds known as prolyl hydroxylase inhibitors. Prolyl-hydroxylase enzymes promote the breakdown of hypoxia-inducible factor or HIF proteins and as the breakdown is inhibited, the level of these HIF proteins increases in cells. HIF proteins are the primary protein mediators that enable the body and all of its individual cells to adapt to changes in levels of oxygen. There are multiple HIF proteins in the cell and they regulate pathways that influence metabolic adaptation, erythropoiesis, angiogenesis and vascular tone, cell growth and differentiation, survival and apoptosis and are critical factors in development, physiology and disease.

Similar to other HIF-stabilizers currently in development, AKB-4924 works by inhibiting HIF prolyl-hydroxylase enzymes. Unlike other prolyl hydroxylase inhibitors currently in development, AKB-4924 selectively stabilizes hypoxia-inducible factor-1alpha or HIF-1alpha and not the other HIF proteins. Stabilization of HIF-1alpha by orally administered AKB-4924 has been shown to stimulate innate immunity and to promote homeostasis or balance of the epithelial cells that line in the gastrointestinal tract. Consistent with the selectivity of AKB-4924 for HIF-1alpha, AKB-4924 does not stimulate the formation of new red blood cells in the process known as erythropoiesis, an effect commonly triggered by HIF-2 stabilizers that may lead to dose-limiting safety effects.

Clinical Data for AKB-4924

We recently completed a Phase 1a single-ascending dose trial in healthy male volunteers in Canada with orally administered AKB-4924. A consistent dose/exposure relationship was observed with no notable adverse events at any dose level. Additionally, there was no stimulation of erythropoietin expression. Based on the preclinical data seen to date, and the expected once-daily, oral route of administration, we believe that, if approved, AKB-4924 has therapeutic potential to treat IBD.

In preclinical models of inflammatory bowel disease AKB-4924 significantly improved disease in both the maintenance and induction treatment modes, including reducing key inflammatory cytokines and increasing the expression of mucosal wound healing factors. In a mouse model of colitis 2,4,6-trinitrobenzenesulfonic acid ,or TNBS, is used to induce severe inflammation in the colon resulting in multiple symptoms that mimic human disease including easy to measure signs such as weight loss. Oral dosing of 5 mg/kg AKB-4924 showed significant levels of recovery from this weight loss within four days. In addition levels of inflammatory cytokines including interleukin 1 beta, TNFalpha, interleukin 12 p70, and interleukin 6 were significantly reduced in animals receiving AKB-4924 ($p < 0.05$ in all cases).

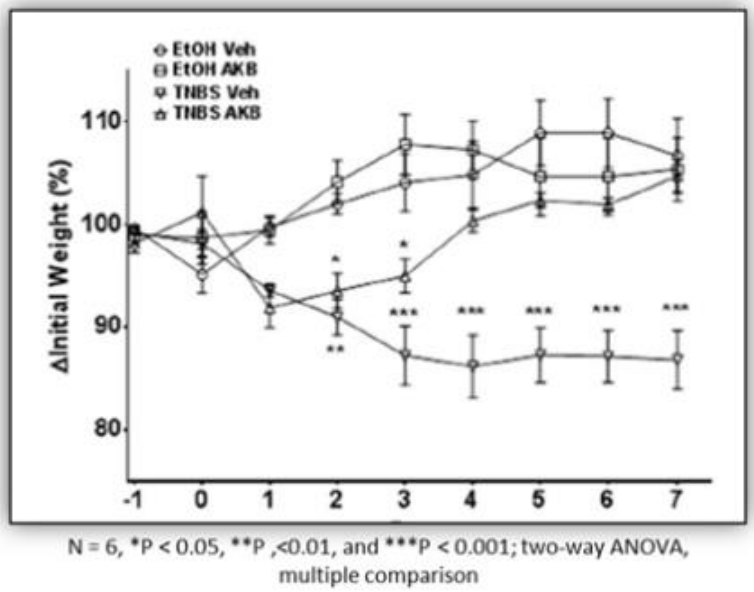


Figure 14. Orally dosed AKB-4924 (5 mg/kg) reverses weight loss induced by trinitrobezenesulfonic acid (TNBS) colitis.

AKB-4924 was also tested in an alternate model of IBD induced by overexpression of tumor necrosis factor-alpha or TNF-alpha in a model of Crohn's Disease known as the DARE model. In this model, the induced high levels of TNF-alpha lead to the development of Crohn's-like disease due to inflammation of intestinal tissues or ileitis. AKB-4924 administered at 5 mg/kg protected against development of ileitis and led to significantly reduced overall inflammation in the intestine.

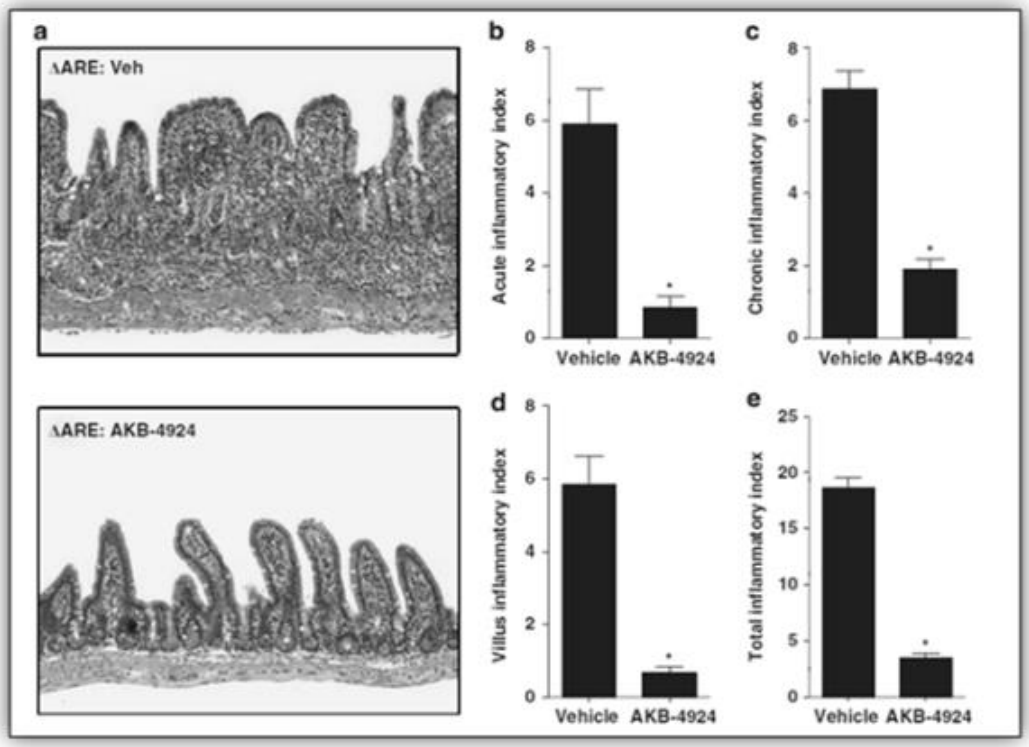


Figure 15. Terminal ileitis in control animals (a-top panel), terminal ileitis was completely reversed via administration of AKB-4924 (a-bottom panel). AKB-4924 administration resulted in a decrease of all inflammatory scores. REFERENCE: Keely 2014 Nature

To date AKB-4924 has completed a single-ascending dose trial in healthy male volunteers. Healthy volunteers were given a single dose of AKB-4924 of 20mg, 60mg, 120 mg, or 240 mg. Findings from this trial support the safety, local activity, selective HIF-1alpha stabilization, and dose proportional exposure of oral AKB-4924. Consistent with the selectivity of AKB-4924 for HIF-1alpha, there were no significant changes in levels of erythropoietin or EPO in this trial. Other studies have shown that regulation of EPO is primarily dependent on the activity of HIF-2.

We believe that the data observed in nonclinical and clinical studies with orally administered AKB-4924 provide a compelling rationale to advance its development for the treatment of inflammatory bowel disease.

Intellectual Property

As of February 15, 2017, we owned at least 31 U.S. patents, at least 18 pending U.S. provisional or non-provisional patent applications, at least 268 foreign patents, and at least 143 pending foreign applications, and a had a non-exclusive license to one U.S. patent, with claims directed toward various aspects of our product candidates and research programs. Specifically, the claims of these patents and patent applications include compositions of matter, methods of use, drug product formulations, and methods of manufacture. Such patents and patent applications, if issued, are expected to expire on various dates from 2027 to 2037, without taking into account any possible patent term adjustments or extensions. Within the foregoing patent portfolio, as of February 15, 2017, we owned at least 3 U.S. patents, at least 6 pending U.S. provisional or non-provisional patent applications, at least 17 foreign patents,

and at least 27 pending foreign applications that are directed toward ARP-1536, and formulations or uses thereof. As of February 15, 2017, within the foregoing patent portfolio, we owned at least 19 U.S. patents, at least 12 pending U.S. provisional or non-provisional patent applications, at least 161 foreign patents, and at least 85 pending foreign applications that are directed toward AKB-9778, and formulations, medicinal chemistry variants, or uses thereof. As of February 15, 2017, within the foregoing patent portfolio, we owned at least 9 U.S. patents, at least 1 pending U.S. provisional or non-provisional patent application, at least 90 foreign patents, and at least 31 pending foreign applications, and had 1 non-exclusively in-licensed U.S. patent that are directed toward AKB-4924, and formulations, manufacturing processes, medicinal chemistry variants, or uses thereof. Such patents claiming compositions of matter directed toward ARP-1536 are set to expire in 2027, without taking into account any possible patent term adjustments or extensions. Such patents claiming compositions of matter directed toward AKB-9778 are set to expire in 2027, without taking into account any possible patent term adjustments or extensions. Such patents claiming compositions of matter directed toward AKB-4924 are set to expire in 2030, without taking into account any possible patent term adjustments or extensions.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe that our technologies, knowledge, experience and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

There are a number of currently marketed products and product candidates in preclinical research and clinical development by third parties to treat the various diseases that we are targeting. If AKB-9778 and our other product candidates are approved for the indications that we are targeting, they will compete with the products and product candidates discussed below.

DR – There are no disease-modifying therapies for DR until after DME has developed. However, laser photocoagulation is sometimes used to treat DR prior to the onset of DME and temporarily prevent further vision loss. The anti-VEGF agent, Eylea (aflibercept), which is injected into the eye, is in a Phase III study for DR without DME, entitled PANORAMA.

DME – The principal competitors for our program in DME are the anti-Ang-2 antibodies REGN-910 (nesvacumab) and RG7716 (bi-specific antibody which targets VEGF-A and Ang-2). Both of these compounds are in Phase 2 studies in DME, RUBY and BOULEVARD, respectively.

IBD – Current therapies for IBD include anti-inflammatory molecules, or immunosuppressants such as aminosalicylate derivatives, corticosteroids, and immunomodulatory biologics. In addition, we are aware that there are a number of other companies that are actively developing product candidates for the treatment of IBD, including: filgotinib; ozanimod; mongresen; ABT-494; ADP-334; MT-1303; PTG-100; TD-1473; amongst others.

Wet AMD – The principal competitors for our program in wet AMD are the anti-Ang-2 antibodies REGN-910 (nesvacumab) and RG7716 (bi-specific antibody which targets VEGF-A and Ang-2). Both of these compounds are in Phase 2 studies in wet AMD, ONYX and AVENUE, respectively.

Sales and Marketing

We hold worldwide commercialization rights to all of our product candidates. Subject to receiving marketing approval, we intend to independently pursue the commercialization of AKB-9778 in the United States for DR by building a focused sales and marketing organization in these geographies. We believe that such an organization will be able to address the community of physicians who are key specialists in treating the patient populations for which our product candidates are being developed.

We also plan to build a marketing and sales management organization to create and implement marketing strategies for any products that we market through our own sales organization and to oversee and support our sales force. The responsibilities of the marketing organization would include developing educational initiatives with respect to approved products and establishing relationships with researchers and practitioners in relevant fields of medicine.

Outside of the United States, we intend to pursue the approval and commercialization of AKB-9778 for DR through strategic collaborations. We may develop and commercialize AKB-9778 for other indications either independently or through collaborations with third parties. We may develop and commercialize AKB-4924, subject to receiving additional funding, which we may seek to obtain in connection with a collaboration with a strategic and commercial partner. We may also develop and commercialize ARP-1536, subject to receiving additional funding, which may be from a collaboration with a strategic or commercial partner.

Manufacturing

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of our product candidates. We have relied on and intend to continue to rely on qualified third-party contract manufacturers to produce our product candidates, including clinical supplies to support our clinical trials. We expect that commercial quantities of any compound and materials for our product candidates, if approved, will be manufactured in facilities and by processes that comply with FDA and other regulations. At the appropriate time in the product development process, we will determine whether to establish manufacturing facilities or continue to rely on third parties to manufacture commercial quantities of any products that we may successfully develop.

Government Regulation

Government authorities in the United States, including federal, state, and local authorities, and in other countries, extensively regulate, among other things, the manufacturing, research and clinical development, marketing, labeling and packaging, storage, distribution, post-approval monitoring and reporting, advertising and promotion, and export and import of pharmaceutical and biological products, such as those we are developing. In addition, some government authorities regulate the pricing of such products. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations require the expenditure of substantial time and financial resources.

U.S. Government Regulation

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations, and biologics under the FDCA and the Public Health Service Act, or PHSA, and its implementing regulations. FDA approval is required before any new unapproved drug or biologic or dosage form, including a new use of a previously approved drug, can be marketed in the United States. Drugs and biologics are also subject to other federal, state, and local statutes and regulations. If we fail to comply with applicable FDA or other requirements at any time during the product development process, clinical testing, 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, untitled or 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.

The process required by the FDA before product candidates may be marketed in the United States generally involves the following:

- completion of extensive nonclinical laboratory tests and nonclinical animal studies, all performed in accordance with the Good Laboratory Practices, or GLP, regulations;
- submission to the FDA of an investigational new drug application, or IND, which must become effective before human clinical trials may begin and must be updated annually;
- approval by an independent institutional review board, or IRB, or ethics committee representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product candidate for each proposed indication;

- preparation of and submission to the FDA of a biologics license application, or BLA, or a new drug application, or NDA, after completion of all pivotal clinical trials;
- potential review of the product application by an FDA advisory committee, where appropriate and if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA or NDA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities where the proposed product is produced to assess compliance with current Good Manufacturing Practices, or cGMP;
- satisfactory completion of any FDA audits of the clinical study sites to assure compliance with GCPs, and the integrity of clinical data in support of the BLA or NDA; and
- FDA review and approval of a BLA for a biologic drug candidate that is safe, pure, and potent or an NDA for a drug candidate that is safe and effective prior to any commercial marketing or sale of the product in the United States.

The nonclinical 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.

An IND is a request for authorization from the FDA to administer an investigational new drug product to humans in clinical trials. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational new drug. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence. The FDA may impose a clinical hold at any time during clinical trials and may impose a partial clinical hold that would limit trials, for example, to certain doses or for a certain length of time.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with Good Clinical Practices, or GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the inclusion and exclusion criteria, the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Additionally, approval must also be obtained from each clinical trial site's institutional review board, or IRB, before the trials may be initiated, and the IRB must monitor the trial until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

The clinical investigation of a drug is generally divided into three or four phases. Although the phases are usually conducted sequentially, they may overlap or be combined.

- *Phase 1*. The drug is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational new drug in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.

- *Phase 2*. The drug is administered to a limited patient population to evaluate dosage tolerance and optimal dosage, identify possible adverse side effects and safety risks, and preliminarily evaluate efficacy.
- *Phase 3*. The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites to generate enough data to statistically evaluate dosage, clinical effectiveness and safety, to evaluate the overall benefit-risk relationship of the investigational new drug product, and to provide an adequate basis for physician labeling.
- *Phase 4*. In some cases, the FDA may condition approval of a BLA or NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after approval. In other cases, a sponsor may voluntarily conduct additional clinical trials after approval to gain more information about the drug. Such post-approval studies are typically referred to as Phase 4 clinical trials.

Sponsors must also report to the FDA, within certain timeframes, serious and unexpected adverse reactions, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator's brochure, or any findings from other studies or animal or in vitro testing that suggest a significant risk in humans exposed to the product candidate. 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 trial. We may also suspend or terminate a clinical trial based on evolving business objectives or competitive climate.

Submission of a BLA or NDA to the FDA

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, detailed investigational new drug product information is submitted to the FDA in the form of a BLA or NDA requesting approval to market the product for one or more indications. Under federal law, the submission of most BLAs and NDAs is subject to an application user fee. For fiscal year 2017, the application user fee is $2,038,100, and the sponsor of an approved BLA or NDA is also subject to annual product and establishment user fees, set at $97,750 per product and $512,000 per establishment. These fees are typically increased annually. Applications for orphan drug products are exempted from the BLA and NDA user fees and may be exempted from product and establishment user fees, unless the application includes an indication for other than a rare disease or condition.

A BLA or NDA must include all relevant data available from pertinent nonclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including trials initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational new drug product to the satisfaction of the FDA.

Once a BLA or NDA has been submitted, the FDA's goal is to review the application within ten months after it accepts the application for filing, or, if the application relates to an unmet medical need in a serious or life-threatening indication, six months after the FDA accepts the application for filing. The review process is often significantly extended by the FDA's requests for additional information or clarification.

Before approving a BLA or NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA or NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA's Decision on a BLA or NDA

After the FDA evaluates the BLA or NDA and conducts inspections of manufacturing facilities where the product 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 or an additional Phase 3 clinical trial(s), or other significant, expensive and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the BLA or NDA does not satisfy the criteria for approval and issue a denial.

The FDA could also approve the BLA or 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.

New government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

Expedited Review and Accelerated Approval Programs

A sponsor may seek approval of its product candidate under programs designed to accelerate FDA's review and approval of BLAs and NDAs. For example, Fast Track Designation may be granted to a drug intended for treatment of a serious or life-threatening disease or condition that has potential to address unmet medical needs for the disease or condition. The key benefits of fast track designation are more frequent interactions with the FDA during development and testing, the eligibility for priority review, and rolling review, which is submission of portions of an application before the complete marketing application is submitted.

Based on results of the Phase 3 clinical trial(s) submitted in a BLA or NDA, the FDA may grant the BLA or NDA a priority review designation, which sets the target date for FDA action on the application at six months after the FDA accepts the application for filing. Priority review is granted where there is evidence that the proposed product would be a significant improvement in the safety or effectiveness of the treatment, diagnosis, or prevention of a serious condition. If criteria are not met for priority review, the application is subject to the standard FDA review period of ten months after FDA accepts the application for filing. Priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

Under the accelerated approval program, the FDA may approve a BLA or NDA on the basis of either a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Post-marketing trials or completion of ongoing trials after marketing approval are generally required to verify the drug's clinical benefit in relationship to the surrogate endpoint or ultimate outcome in relationship to the clinical benefit.

In addition, the Food and Drug Administration Safety and Innovation Act, or FDASIA, which was enacted and signed into law in 2012, established the new Breakthrough Therapy designation. A sponsor may seek FDA designation of its product candidate as a breakthrough therapy if the drug is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

Drug manufacturers are subject to periodic unannounced inspections by the FDA and state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

We rely, and expect to continue to rely, on third parties for the production of clinical quantities of our product candidates, and expect to rely in the future on third parties for the production of commercial quantities. Future FDA and state inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved BLA or NDA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, untitled or warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending BLAs or NDAs or supplements to approved BLAs or NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising, and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Pediatric Trials and Exclusivity

A sponsor who is planning to submit a marketing application for a drug that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration must submit an initial Pediatric Study Plan, or PSP, within sixty days of an end of Phase 2 meeting or as may be agreed between the sponsor and FDA. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. Development program candidates designated as orphan drugs are exempt from the above requirements. FDA and the sponsor must reach agreement on the PSP. A sponsor can submit amendments to an agreed upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from nonclinical studies, early phase clinical trials, and/or other clinical development programs.

Pediatric exclusivity is another type of non-patent exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the five-year and three-year non-patent and orphan exclusivity. This six-month exclusivity may be granted if a BLA or NDA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of FDA-requested pediatric trials are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection covering the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot accept or approve another application relying on the BLA or NDA sponsor's data.

Patent Term Restoration

Depending upon the timing, duration, and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA or NDA, plus the time between the submission date and the approval of that application. Only one patent applicable to an approved product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of the product's approval. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA or NDA.

Biosimilars and Exclusivity

The Patient Protection and Affordable Care Act, or Affordable Care Act, signed into law on March 23, 2010, includes a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCI Act, which created an abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product. This amendment to the PHSA attempts to minimize duplicative testing. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical trial or trials. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

A reference biologic is granted twelve years of exclusivity from the time of first licensure of the reference product. The first biologic product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitting under the abbreviated approval pathway for the lesser of (i) one year after the first commercial marketing, (ii) eighteen months after approval if there is no legal challenge, (iii) eighteen months after the resolution in the applicant's favor of a lawsuit challenging the biologics' patents if an application has been submitted, or (iv) 42 months after the application has been approved if a lawsuit is ongoing within the 42-month period.

Abbreviated New Drug Applications for Generic Drugs

In 1984, with passage of the Hatch-Waxman Amendments, Congress authorized the FDA to approve generic drugs that are the same as drugs previously approved by the FDA under the NDA provisions of the statute. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application, or ANDA, to the agency. In support of such applications, a generic manufacturer may rely on the nonclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference listed drug, or RLD.

Specifically, in order for an ANDA to be approved, the FDA must find that the generic version is identical to the RLD with respect to the active ingredients, the route of administration, the dosage form, and the strength of the drug. At the same time, the FDA must also determine that the generic drug is "bioequivalent" to the innovator drug. Under the statute, a generic drug is bioequivalent to an RLD if "the rate and extent of absorption of the [generic] drug do not show a significant difference from the rate and extent of absorption of the listed drug. . . ."

Upon approval of an ANDA, the FDA indicates that the generic product is "therapeutically equivalent" to the RLD and it assigns a therapeutic equivalence rating to the approved generic drug in its publication "Approved Drug Products with Therapeutic Equivalence Evaluations," also referred to as the "Orange Book." Physicians and pharmacists consider an "AB" therapeutic equivalence rating to mean that a generic drug is fully substitutable for the RLD. In addition, by operation of certain state laws and numerous health insurance programs, the FDA's designation of an "AB" rating often results in substitution of the generic drug without the knowledge or consent of either the prescribing physician or patient.

The FDCA provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity. In cases where such exclusivity has been granted, an ANDA (or a 505(b)(2) NDA, which is a marketing application in which sponsors may rely on investigations that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted) may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, discussed below, in which case the applicant may submit its application four years following the original product approval. The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application. This three-year exclusivity period often protects changes to a previously approved drug product, such as a new dosage form, route of administration, combination or indication.

Hatch-Waxman Patent Certification and the 30-Month Stay

Upon approval of an NDA or a supplement thereto, NDA sponsors are required to list with the FDA each patent with claims that cover the applicant's product or a method of using the product. Each of the patents listed by the NDA sponsor is published in the Orange Book. When an ANDA or 505(b)(2) applicant files its application with the FDA, the applicant is required to certify to the FDA concerning any patents listed for the reference product in the Orange Book, except for patents covering methods of use for which the ANDA or 505(b)(2) applicant is not seeking approval.

Specifically, the applicant must certify with respect to each patent that:

- the required patent information has not been filed;
- the listed patent has expired;

- the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or
- the listed patent is invalid, unenforceable or will not be infringed by the new product.

A certification that the new product will not infringe the already approved product's listed patents or that such patents are invalid or unenforceable is called a Paragraph IV certification. If the applicant does not challenge the listed patents or indicates that it is not seeking approval of a patented method of use, the ANDA or 505(b)(2) application will not be approved until all the listed patents claiming the referenced product have expired.

If the applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the ANDA or 505(b)(2) application has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days after the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA or 505(b)(2) application until the earlier of 30 months after the receipt of the Paragraph IV notice, expiration of the patent, or a decision in the infringement case that is favorable to the ANDA or 505(b)(2) applicant.

European Union/Rest of World Government Regulation

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of our products. The cost of establishing a regulatory compliance system for numerous varying jurisdictions can be very significant. Although many of the issues discussed above with respect to the United States apply similarly in the context of the European Union and in other jurisdictions, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the European Union, for example, a clinical trial authorization application, or CTA, must be submitted for each clinical protocol to each country's national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the CTA is accepted in accordance with a country's requirements, the clinical trial may proceed.

The requirements and process governing the conduct of clinical trials vary from country to country. In all cases, the clinical trials are conducted in accordance with GCP, the applicable regulatory requirements, and the ethical principles that have their origin in the Declaration of Helsinki.

To obtain regulatory approval of an investigational medicinal product under European Union regulatory systems, we must submit a marketing authorization application. The content of the BLA or NDA filed in the United States is similar to that required in the European Union, with the exception of, among other things, country-specific document requirements.

For other countries outside of the European Union, such as countries in Eastern Europe, Latin America or Asia, the requirements governing product licensing, pricing, and reimbursement vary from country to country.

Countries that are part of the European Union, as well as countries outside of the European Union, have their own governing bodies, requirements, and processes with respect to the approval of pharmaceutical and biologic products. If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Authorization Procedures in the European Union

Medicines can be authorized in the European Union by using either the centralized authorization procedure or national authorization procedures.

- *Centralized procedure*. The EMA implemented the centralized procedure for the approval of human medicines to facilitate marketing authorizations that are valid throughout the European Economic Area, or EEA, which is comprised of the 28 member states of the European Union plus Norway, Iceland, and Lichtenstein. This procedure results in a single marketing authorization issued by the EMA that is valid across the EEA. The centralized procedure is compulsory for human medicines that are: derived from biotechnology processes, such as genetic engineering, contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative disorders or autoimmune diseases and other immune dysfunctions, and officially designated orphan medicines.
- For medicines that do not fall within these categories, an applicant has the option of submitting an application for a centralized marketing authorization to the European Commission following a favorable opinion by the EMA, as long as the medicine concerned is a significant therapeutic, scientific or technical innovation, or if its authorization would be in the interest of public health.
- *National authorization procedures*. There are also two other possible routes to authorize medicinal products in several European Union countries, which are available for investigational medicinal products that fall outside the scope of the centralized procedure:
    - *Decentralized procedure*. Using the decentralized procedure, an applicant may apply for simultaneous authorization in more than one European Union country of medicinal products that have not yet been authorized in any European Union country and that do not fall within the mandatory scope of the centralized procedure.
    - *Mutual recognition procedure*. In the mutual recognition procedure, a medicine is first authorized in one European Union Member State, in accordance with the national procedures of that country. Following this, further marketing authorizations can be sought from other European Union countries in a procedure whereby the countries concerned agree to recognize the validity of the original, national marketing authorization.

In some cases, a Pediatric Investigation Plan, or PIP, or a request for waiver or deferral, is required for submission prior to submitting a marketing authorization application. A PIP describes, among other things, proposed pediatric trials and their timing relative to clinical trials in adults.

New Chemical Entity Exclusivity

In the European Union, new chemical entities, sometimes referred to as new active substances, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for eight years, after which generic marketing authorization can be submitted, and the innovator's data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

Accelerated Review

Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of a marketing authorization application is 210 days (excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the EMA's Committee for Medicinal Products for Human Use, or CHMP). Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. In this circumstance, EMA ensures that the opinion of the CHMP is given within 150 days, excluding clock stops.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any products for which we obtain regulatory approval. In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of coverage and reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the reimbursement rate that the payor will pay for the product. Third-party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the FDA-approved products for a particular indication. 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.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. In order to obtain coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain regulatory approvals. Our product candidates may not be considered medically necessary or cost-effective. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. By way of example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively, the Affordable Care Act, contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for drugs sold to Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Some of the provisions of the Affordable Care Act have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017, that while not a law, is widely viewed as the first step toward the passage of legislation that would repeal certain aspects of the Affordable Care Act. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Affordable Care Act to waive, defer, grant exemptions from, or delay the implementation of any provision of the Affordable Care Act that would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Congress also could consider subsequent legislation to replace elements of the Affordable Care Act that are repealed. Thus, the full impact of the Affordable Care Act, or any law replacing elements of it, on our business remains unclear. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals.

In the European Community, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed to by the government. To obtain reimbursement or pricing

approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, an increasing emphasis on cost containment measures in the United States and other countries has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Other Healthcare Laws and Compliance Requirements

If we obtain regulatory approval for any of our product candidates, we may be subject to various federal and state laws targeting fraud and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate 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, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims laws and civil monetary penalty 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;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;
- the federal Physician Payment Sunshine Act, that requires drug and biologics manufacturers to disclose payments and other transfers of value provided to physicians and teaching hospitals;
- HIPAA, as amended by the Health Information Technology and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The Affordable Care Act broadened the reach of the fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and the applicable criminal healthcare fraud statutes contained within 42 U.S.C. § 1320a-7b. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. 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 civil False Claims Act or the civil monetary penalties statute. Many states have adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs.

We are also subject to the U.S. Foreign Corrupt Practices Act, or FCPA, which prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business and requires companies to maintain accurate books and records and a system of internal accounting controls. Safeguards we implement to discourage improper payments or offers of payments by our employees, consultants, and others may be ineffective, and violations of the FCPA and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, any of which would likely harm our reputation, business, financial condition and result of operations.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, exclusion from participation in government healthcare programs, such as Medicare and Medicaid and imprisonment, damages, fines and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Employees

As of March 15, 2017, we had 21 full-time or part-time employees, including 11 employees with doctorate level degrees. Of these employees, 16 employees are engaged in research and development activities and 5 employees are engaged in general and administrative activities. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider the relationship with our employees to be good.

Facilities

We occupy approximately 7,580 rentable square feet of office and laboratory space in Ohio under a lease that expires on June 30, 2018. We have an option to extend the lease term until June 30, 2021. We believe that this office and laboratory space is sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Legal Proceedings

We are not currently subject to any material legal proceedings.

RISK FACTORS

Investing in our Common Stock involves a high degree of risk. In addition to the other information set forth in this Current Report on Form 8-K, you should carefully consider the factors discussed below when considering an investment in our Common Stock. If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could suffer significantly. As a result, you could lose some or all of your investment in our Common Stock. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception and anticipate that we will continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability.

We have incurred net losses each year since our inception, including net losses of $17.1 million for the year ended December 31, 2015, and $17.0 million for the year ended December 31, 2016. As of December 31, 2016, we had an accumulated deficit of $86.2 million. To date, we have not commercialized any products or generated any revenues from the sale of products, and we do not expect to generate any product revenues in the foreseeable future. We do not know whether or when we will generate revenue or become profitable.

We have devoted most of our financial resources to research and development, including our clinical and preclinical development activities. To date, we have financed our operations primarily through private placements of our preferred stock. The amount of our future net losses will depend, in part, on the rate of our future expenditures, and our financial position will depend, in part, on our ability to obtain funding through equity or debt financings, strategic collaborations or grants. Our lead product candidate, AKB-9778, recently completed a proof of concept Phase 2 clinical trial in April 2015. Our product candidate AKB-4924 in our HIF-1-a stabilization program recently completed a Phase 1a trial. Our other product candidates are in preclinical development. As a result, we expect that it will be several years, if ever, before we have a product candidate ready for commercialization. Even if we obtain regulatory approval to market AKB-9778, our future revenues will depend upon the size of any markets in which AKB-9778 has received approval, our ability to achieve sufficient market acceptance, reimbursement from third-party payors and other factors.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue our Phase 2 program and prepare for a future Phase 3 development program of AKB-9778 for the treatment of diabetic retinopathy, or DR.
- seek regulatory approvals for our product candidates that successfully complete clinical trials;
- have our product candidates manufactured for clinical trials and for commercial sale;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- initiate additional preclinical, clinical or other studies for AKB-9778, AKB-4924, ARP-1536 and other product candidates that we may develop or acquire;
- seek to discover and develop additional product candidates;
- acquire or in-license other commercial products, product candidates and technologies;
- make royalty, milestone or other payments under any future in-license agreements;
- maintain, protect and expand our intellectual property portfolio;
- attract and retain skilled personnel; and
- create additional infrastructure to support our operations as a public company.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, if at all, we will be able to achieve profitability. If we are required by the United States Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, or other regulatory authorities to perform studies in addition to those currently expected, or if there are any delays in completing our clinical trials or the development of any of our product candidates, our expenses could increase.

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. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

To become and remain profitable, we must succeed in developing and commercializing our product candidates, which must generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, discovering additional product candidates, obtaining regulatory approval for these product candidates and manufacturing, marketing and selling any products for which we may obtain regulatory approval. We are only in the preliminary stages of most of these activities. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable could depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could cause you to lose all or part of your investment.

We will require substantial additional financing. A failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts.

As of December 31, 2016, our cash and cash equivalents were $1.6 million. We believe that we will continue to expend substantial resources for the foreseeable future developing AKB-9778 and any other product candidates that we may develop or acquire. Additionally, we may expend substantial resources to further develop AKB-4924 if we secure sufficient additional funding, likely from a strategic and commercial partner for that candidate, as well as ARP-1536 if we secure sufficient additional funding, which may be from a partner for that candidate. These expenditures will include costs associated with research and development, potentially obtaining regulatory approvals and having our products manufactured, as well as marketing and selling products approved for sale, if any. In addition, other unanticipated costs may arise. Because the outcome of our current and anticipated clinical trials is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates.

Our future capital requirements depend on many factors, including:

- the rate of progress, results and cost of completing our Phase 2 program of AKB-9778 and our operating costs incurred as we conduct these trials and through our end of Phase 2 meeting with the FDA, and equivalent meetings with the EMA and other regulatory authorities;
- assuming AKB-9778 advances to Phase 3 clinical trials, the scope, size, rate of progress, results and costs of initiating and completing our Phase 3 development program of AKB-9778;
- assuming favorable clinical results, the cost, timing and outcome of our efforts to obtain marketing approval for AKB-9778 in the United States, Europe and in other jurisdictions, including to fund the preparation and filing of regulatory submissions for AKB-9778 with the FDA, the EMA and other regulatory authorities;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials that we may undertake for AKB-4924, ARP-1536 and any other product candidates that we may develop or acquire;
- the timing of, and the costs involved in, obtaining regulatory approvals for AKB-4924 and ARP-1536 if we continue their further development upon securing sufficient additional funding and/or a strategic and commercial partner, and clinical trials of these product candidates are successful;

- the cost and timing of future commercialization activities for our products, if any of our product candidates are approved for marketing, including product manufacturing, marketing, sales and distribution costs;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the cost of having our product candidates manufactured for clinical trials in preparation for regulatory approval and in preparation for commercialization;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements; and
- the costs involved in preparing, filing, prosecuting patent applications, maintaining, defending and enforcing our intellectual property rights, including litigation costs and the outcome of such litigation.

Based on our current operating plan, and absent any future financings or strategic partnerships, we believe that the net proceeds we received from our Offering, and our existing cash and cash equivalents and investments will be sufficient to fund our projected operating expenses and capital expenditure requirements into the first quarter of fiscal year 2019. However, our operating plan may change as a result of many factors currently unknown to us, and we may need additional funds sooner than planned. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. 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 preclinical studies, clinical trials or other development activities for AKB-9778, AKB-4924, ARP-1536 or any other product candidates that we develop or acquire, or delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates.

Our auditors' report on our December 31, 2016 financial statements included an explanatory paragraph regarding there being substantial doubt about our ability to continue as a going concern.

We have a history of losses since inception and expect to continue to incur operating and net losses for the foreseeable future as we continue our research and development efforts and establish the necessary administrative functions to support our growing operations and being a public company, and such losses may increase in the future. Therefore, there is substantial doubt about our ability to continue operations in the future as a going concern, as highlighted by our auditors with respect to the financial statements for the year ended December 31, 2016. Although our financial statements raise substantial doubt about our ability to continue as a going concern, they do not reflect any adjustments that might result if we are unable to continue our business. If we cannot continue as a viable entity, our stockholders may lose some or all of their investment in our company.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to product candidates on unfavorable terms to us.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings and license, development and commercialization agreements with collaborators. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences and anti-dilution protections that adversely affect your rights as a stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic collaborations with third parties, we may have to relinquish valuable rights to our product candidates, future revenue streams, research programs or product candidates or grant licenses on terms that are not favorable to us. If we are unable to raise additional funds through equity or debt financing when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts for AKB-9778 and, if we secure sufficient additional funding and/or a strategic and commercial partner, to continue their development, for AKB-4924, ARP-1536 or any other product candidates that we develop or acquire, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We commenced active operations in 2011, and our operations to date have been limited to organizing and staffing our company, business planning, raising capital, identifying potential product candidates, undertaking preclinical studies and conducting clinical trials. We currently have three product candidates, one of which is in preclinical development. Of these product candidates, we may further develop AKB-4924 and ARP-1536 only if we secure sufficient additional funding and/or a strategic and commercial partner, to continue their clinical development. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. Only a small fraction of biopharmaceutical development programs ultimately result in commercial products or even product candidates and a number of events could delay our development efforts and negatively impact our ability to obtain regulatory approval for, and to manufacture, market and sell, a product. We have not yet demonstrated our ability to successfully complete later stage clinical trials, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to expand our capabilities to support commercial activities. We may not be successful in adding such capabilities.

Risks Related to Our Business and the Clinical Development, Regulatory Review and Approval of Product Candidates

We depend heavily on the success of one product candidate, AKB-9778, which is in Phase 2 clinical development. Even if we obtain favorable clinical results, we may not be able to obtain regulatory approval for, or successfully commercialize, AKB-9778.

We currently have only one product candidate, AKB-9778, in clinical development, and our business depends almost entirely on the successful clinical development, regulatory approval and commercialization of that product candidate, which may never occur. We currently have no products for sale, generate no revenues from sales of any drugs, and may never be able to develop marketable products. AKB-9778, which recently completed a proof of concept Phase 2 clinical trial, will require substantial additional clinical development, testing, manufacturing process development, and regulatory approval before we are permitted to commence its commercialization. Our other product candidate, AKB-4924, recently completed a Phase 1a trial. We currently may further develop AKB-4924 only if we secure sufficient additional funding, likely from a strategic and commercial partner, to continue its development. In addition, we currently may further develop ARP-1536 only if we secure sufficient additional funding , which may be from a strategic and commercial partner to continue its clinical development. There can be no assurance that we will be able to secure such additional funding or a strategic or commercial partner on commercially reasonable terms or at all. Any failure to do so would impair our ability to advance AKB-4924 and ARP-1536, resulting in our even greater dependence on AKB-9778. None of our product candidates has advanced into a pivotal trial, and it may be years before such trial is initiated, if ever. The clinical trials of our product candidates are, and the manufacturing and marketing of our product candidates will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States and in other countries where we intend to test and, if approved, market any product candidates. Before obtaining regulatory approval for the commercial sale of any product candidate, we must demonstrate through extensive preclinical testing and clinical trials that any drug candidate is safe and effective and any biological product candidate is safe, pure, and potent for use in each target indication. This process can take many years. Of the large number of drugs in development in the United States, only a small percentage successfully complete the FDA regulatory approval process and are commercialized. Accordingly, even if we are able to obtain the requisite capital to continue to fund our development and clinical programs, we may be unable to successfully develop or commercialize AKB-9778.

We are not permitted to market AKB-9778 in the United States until we receive approval of an NDA from the FDA, or in any foreign countries until we receive the requisite approval from such countries. As a condition to submitting an NDA to the FDA for AKB-9778 regarding its ability to treat patients with DR, we must complete our ongoing

clinical trials, Phase 3 trials, and any additional non-clinical studies or clinical trials required by the FDA. To date, we have only completed a Phase 2 clinical trial for AKB-9778 and five other early stage trials. AKB-9778 may not be successful in clinical trials or receive regulatory approval. Further, AKB-9778 may not receive regulatory approval even if it is successful in clinical trials. Obtaining approval of an NDA is a complex, lengthy, expensive and uncertain process that typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, the policies or 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. We have not obtained regulatory approval for any product candidate and it is possible that AKB-9778 will never obtain regulatory approval. The FDA may delay, limit or deny approval of AKB-9778 for many reasons, including, among others:

- we may not be able to demonstrate that AKB-9778 is safe and effective in treating patients with DR to the satisfaction of the FDA;
- the results of our clinical trials may not meet the level of statistical or clinical significance required by the FDA for marketing approval;
- the FDA may disagree with the number, design, size, conduct or implementation of our clinical trials;
- the FDA may not approve the formulation, labeling or specifications of AKB-9778;
- the FDA may require that we conduct additional clinical trials;
- the contract research organizations, or CROs, that we retain to conduct our clinical trials may take actions outside of our control that materially adversely impact our clinical trials;
- we may fail to perform in accordance with the FDA's good clinical practice, or GCP, requirements;
- the FDA may disagree with our interpretation of data from our preclinical studies and clinical trials;
- the FDA may find deficiencies with the manufacturing processes or facilities of third-party manufacturers with which we contract; or
- the policies or regulations of the FDA may significantly change in a manner that renders our clinical data insufficient for approval, or requiring that we amend or submit new clinical protocols.

In addition, similar reasons may cause the EMA or other regulatory authorities to delay, limit or deny approval of AKB-9778 outside the United States.

Any of these factors, many of which are beyond our control, could jeopardize our ability to obtain regulatory approval for and successfully market AKB-9778. Because our business is almost entirely dependent upon AKB-9778, any such setback in our pursuit of regulatory approval would have a material adverse effect on our business and prospects.

Alternatively, even if we obtain regulatory approval, that approval may be for indications or patient populations that are not as broad as we intend or desire or may require labeling that includes significant use or distribution restrictions or safety warnings. We may also be required to perform additional, unanticipated clinical trials to obtain approval or be subject to additional post marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of a product or the FDA may require a risk evaluation and mitigation strategy, or REMS, for a product, which could impose restrictions on its distribution. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

We have not obtained agreement with the FDA, EMA or other regulatory authorities on the design of our Phase 3 development program.

We have not obtained agreement with the FDA on the design of our Phase 3 development program. We plan to hold an end of Phase 2 meeting with the FDA upon successful completion of our Phase 2 clinical program. If the FDA determines that the Phase 2 trial results do not support moving into a pivotal program, we would be required to conduct additional Phase 2 studies. Alternatively, the FDA could disagree with our proposed design of our Phase 3 development program and could suggest a larger number of subjects or a longer course of treatment than our current expectations. If the FDA takes such positions, the costs of our AKB-9778 development program could increase materially and the potential market introduction of AKB-9778 could be delayed or we could risk not obtaining FDA approval even if the Phase 3 trials meet their primary endpoints. The FDA also may require that we conduct additional clinical, nonclinical or manufacturing validation studies and submit that data before it will consider an NDA application.

While we intend to follow the regulatory pathway that ranibizumab and aflibercept undertook when they were approved for DR in the presence of DME, we have not yet sought guidance for the regulatory path for AKB-9778 with the EMA or other regulatory authorities. We cannot predict what additional requirements may be imposed by these regulatory authorities or how such requirements might delay or increase costs for our planned Phase 3 development program. For example, ranibizumab and aflibercept are anti-VEGF therapies while AKB-9778 is a small molecule activator of the Tie-2 pathway, and such differences may result in a different regulatory pathway for AKB-9778, including one that may be longer, more complex or expensive than that of ranibizumab or aflibercept. Because our business is almost entirely dependent upon the successful development, regulatory approval, and commercialization of AKB-9778, any such delay or increase costs would have an adverse effect on our business.

We may find it difficult to enroll patients in our clinical trials, which could delay or prevent clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on the speed at which we can recruit patients to participate in testing our product candidates. Our competitors may have ongoing clinical trials for product candidates that could be competitive with our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. As a result, the timeline for recruiting patients, conducting trials and obtaining regulatory approval of potential products may be delayed. These delays could result in increased costs, delays in advancing our development of AKB-9778 or termination of the clinical trials altogether.

We may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics to achieve diversity in a trial, to complete our clinical trials in a timely manner. Patient enrollment is affected by factors including:

- severity of the disease under investigation;
- design of the trial protocol;
- size and nature of the patient population;
- eligibility criteria for the trial in question;
- perceived risks and benefits of the product candidate under study;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies and clinical trials and clinicians' and patients' perceptions as to the potential advantages of AKB-9778 in relation to available therapies or other products under development;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

We may not be able to initiate or continue clinical trials if we cannot enroll a sufficient number of eligible patients to participate in the clinical trials required by regulatory agencies. If we have difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned, we may need to delay, limit or terminate ongoing or planned clinical trials, any of which would have an adverse effect on our business.

We may not be able to comply with requirements of foreign jurisdictions in conducting trials outside of the United States. In addition, we may not be able to obtain regulatory approval in foreign jurisdictions.

If AKB-9778 is successful in Phase 2 development, we currently expect to conduct our Phase 3 clinical trial of AKB-9778 that may include trial sites outside of the United States, including Japan and the European Union, and seek regulatory approval for AKB-9778 for the treatment of patients with DR in major markets in addition to the United States, including the European Union. Our ability to successfully initiate, enroll and complete a clinical trial in any foreign country, should we attempt to do so, is subject to numerous risks unique to conducting business in international markets, including:

- difficulty in establishing or managing relationships with qualified CROs and physicians;
- different local standards for the conduct of clinical trials;
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatments; and
- the acceptability of data obtained from trials conducted in the United States to the EMA and other regulatory authorities.

If we fail to successfully meet requirements for the conduct of clinical trials outside of the United States, we may be delayed in obtaining, or be unable to obtain, regulatory approval for AKB-9778 in countries outside of the United States.

Regulatory authorities outside the United States will require compliance with numerous and varying regulatory requirements. The approval procedures vary among jurisdictions and may involve requirements for additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. In addition, in many countries outside the United States, a product must be approved for reimbursement before it can be approved for sale in that country. In some cases, the price that we intend to charge for our products is also subject to approval. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. However, the failure to obtain approval in one jurisdiction may negatively impact our ability to obtain approval in another jurisdiction. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

Clinical drug development is a lengthy and expensive process with an uncertain outcome, and positive results from Phase 1 and Phase 2 clinical trials of AKB-9778 are not necessarily predictive of the results of our completed and any future clinical trials of AKB-9778. If we cannot replicate the positive results from our Phase 1 and Phase 2 clinical trials of AKB-9778 in our ongoing and subsequent clinical trials, we may be unable to successfully develop, obtain regulatory approval for and commercialize AKB-9778.

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. Success in preclinical studies may not be predictive of similar results in humans during clinical trials, and successful results from early or small clinical trials may not be replicated in later and larger clinical trials. For example, our early encouraging preclinical and clinical results for AKB-9778 do not ensure that the results of our ongoing clinical trials or any future clinical trials will demonstrate similar results. Our planned Phase 2 and Phase 3 development program will enroll a larger number of subjects and will treat subjects for longer periods than our prior trials, which will result in a greater likelihood that adverse events may be observed. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early stage development, and we may face similar setbacks. If the results of our ongoing or future clinical trials for AKB-9778 are inconclusive with respect to efficacy, if we do not meet our clinical endpoints with statistical significance, or if there are safety concerns or adverse events, we may be prevented from or delayed in obtaining marketing approval for AKB-9778.

We may experience delays in our planned Phase 2 clinical trial for AKB-9778 and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all.

Clinical trials can be delayed or aborted for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a clinical trial;
- reach agreement on acceptable terms with prospective 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, enroll and retain patients through the completion of clinical trials;
- maintain clinical sites in compliance with trial protocols and regulatory requirements through the completion of clinical trials;
- address any patient safety concerns that arise during the course of the trial;
- initiate or add a sufficient number of clinical trial sites; or
- manufacture sufficient quantities of our product candidate for use in clinical trials.

We could encounter delays if a clinical trial is suspended or terminated by us, by the relevant IRBs at the sites at which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination 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, changes in laws or regulations, or lack of adequate funding to continue the clinical trial. Any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly.

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

Any regulatory approvals that we receive for our product candidates may be subject to limitations on the approved indicated uses for which the product may be marketed or to conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the products. In addition, if the FDA approves any of our product candidates, 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 current Good Manufacturing Practice, or cGMP, requirements and GCP requirements for any clinical trials that we conduct post-approval.

Post-approval discovery of previously unknown problems with an approved product, including adverse events of unanticipated severity or frequency or relating to manufacturing operations or processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or product recalls;
- fines, untitled or warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications submitted by us, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- a REMS program; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's policies may change and additional government regulations may be enacted. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or are not able to maintain regulatory compliance, we may lose any marketing approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

Risks Related to Our Reliance on Third Parties

We rely on third parties to conduct preclinical studies and clinical trials for our product candidates, and if they do not properly and successfully perform their obligations to us, we may not be able to obtain regulatory approvals for our product candidates.

We rely on third party CROs and other third parties to assist in managing, monitoring and otherwise carrying out our ongoing trials of AKB-9778. We expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators to conduct our clinical trials in the future, including our Phase 3 development program for AKB-9778. We compete with many other companies for the resources of these third parties. The third parties on whom we rely may terminate their engagements with us at any time, and having to enter into alternative arrangements would delay development and commercialization of our product candidates.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, the FDA and foreign regulatory authorities require compliance with regulations and standards, including GCP requirements, for designing, conducting, monitoring, recording, analyzing and reporting the results of clinical trials to ensure that the data and results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Although we rely on third parties to conduct our clinical trials, we are responsible for ensuring that each of these clinical trials is conducted in accordance with its general investigational plan and protocol under legal and regulatory requirements. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our investigators or CROs fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA or other 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 requirements. In addition, our clinical trials must be conducted with product produced under applicable cGMP regulations. Failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If these third parties do not successfully carry out their duties under their agreements, if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to clinical trial protocols or to regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, the clinical trials of our product candidates may not meet regulatory requirements. If clinical trials do not meet regulatory requirements or if these third parties need to be replaced, preclinical development activities or clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates on a timely basis or at all.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential product revenue.

We intend to rely on third parties to conduct some or all aspects of our product manufacturing, and these third parties may not perform satisfactorily.

We do not have any manufacturing facilities and do not expect to independently conduct our product candidate manufacturing for research and preclinical and clinical testing. We currently rely, and expect to rely, on third parties to manufacture and supply drug products for our AKB-9778 clinical trials, and we expect to continue to rely on third parties for the manufacture of clinical and, if necessary, commercial quantities of our product candidates. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

Any of these third parties may terminate their engagement with us at any time. We believe we have sufficient drug product to complete our ongoing trials of AKB-9778. We have entered into an agreement for the manufacturing of the drug substance for the Phase 2 development program of AKB-9778. However, if this manufacturer cannot perform as agreed, we may be required to find replacement manufacturers. We do not currently have arrangements in place for the manufacturing of drug product for the Phase 3 development program. Although we believe that there are several potential alternative manufacturers who could manufacture our product candidates, we may incur significant delays and added costs in identifying, qualifying and contracting with any such replacement, as well as producing the drug product. The FDA or comparable foreign regulatory authorities may find deficiencies with the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies. Manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents. In addition, we have to enter into technical transfer agreements and share our know-how with the third-party manufacturers, which can be time-consuming and may result in delays. These delays could result in a suspension of our clinical trials or, if AKB-9778 is approved and marketed, a failure to satisfy patient demand.

Reliance on third party manufacturers entails risks to which we would not be subject if we manufactured the product candidates ourselves, including:

- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- reduced control as a result of using third party manufacturers for all aspects of manufacturing activities, including regulatory compliance and quality assurance;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- disruptions to the operations of our manufacturers or suppliers caused by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier or a catastrophic event affecting our manufacturers or suppliers.

Any of these events could lead to clinical study delays or failure to obtain regulatory approval, or affect our ability to successfully commercialize future products. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of production.

The facilities used by our contract manufacturers to manufacture our product candidates must be evaluated by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturers for compliance with cGMP requirements for manufacture of both drug substance and finished drug product. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA, we will not be able to secure and/or maintain regulatory approval for our product candidates. 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, EMA or other regulatory authorities find deficiencies with or do not approve these facilities for the manufacture of our product candidates or if they find deficiencies or withdraw 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. Moreover, our failure, or the failure of our third party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our drug products or product candidates.

In addition, our product candidates and any products that we may develop may compete with other product candidates and products for access to manufacturing facilities. Certain of these manufacturing facilities may be contractually prohibited from manufacturing our product due to non-compete agreements with our competitors. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Our current and anticipated future dependence upon others for the manufacture of our product candidates or products may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis.

If we are unable to manufacture our product candidates in sufficient quantities, at sufficient yields, we may experience delays in product development, clinical trials, regulatory approval and commercial distribution.

Completion of our clinical trials and commercialization of our product candidates require access to, or development of, facilities to manufacture our product candidates at sufficient yields and at commercial scale. We have limited experience manufacturing, or managing third parties in manufacturing, any of our product candidates in the volumes that will be necessary to support large-scale clinical trials or commercial sales. Efforts to establish these capabilities may not meet initial expectations as to scheduling, scale-up, reproducibility, yield, purity, cost, potency or quality.

Our reliance on contract manufacturers may adversely affect our operations or result in unforeseen delays or other problems beyond our control. Because of contractual restraints and the limited number of third-party manufacturers with the expertise and facilities to manufacture our bulk drug product on a commercial scale, replacement of a manufacturer may be expensive and time-consuming and may cause interruptions in the production of our drug product. A third-party manufacturer may also encounter difficulties in production. These problems may include:

- difficulties with production costs, scale-up and yields;
- availability of raw materials and supplies;
- quality control and assurance;
- shortages of qualified personnel;
- compliance with strictly enforced federal, state and foreign regulations that vary in each country where a product might be sold; and
- lack of capital funding.

Any delay or interruption in our supply of product candidates could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be successful in establishing and maintaining strategic collaborations, which could adversely affect our ability to develop and commercialize our product candidates, negatively impacting our operating results.

If approved, we plan to commercialize AKB-9778 ourselves in the United States and intend to seek one or more strategic collaborators to commercialize AKB-9778 in additional markets. In addition, we may further develop and, if approved, commercialize, AKB-4924 only if we secure sufficient additional funding, likely from a strategic and commercial partner for that candidate. With respect to ARP-1536, we may further develop and, if approved, commercialize ARP-1536 only if we secure sufficient additional funding, which may be from a strategic or commercial partner. There can be no assurance that we will be able to secure such additional funding or a strategic or commercial partner on commercially reasonable terms or at all. We face competition in seeking appropriate collaborators for our product candidates, and the negotiation process is time-consuming and complex. In order for us to successfully collaborate with a third party on our product candidates, potential collaborators must view these product candidates as economically valuable. Even if we are successful in our efforts to establish strategic collaborations, the terms that we agree upon may not be favorable to us, and we may not be able to maintain such strategic collaborations if, for example, development or approval of a product is delayed or sales of an approved product are disappointing. Any delay in entering into strategic collaboration agreements related to our product candidates could delay the development and commercialization of our product candidates and reduce their competitiveness even if they reach the market.

In addition, our strategic collaborators may terminate any agreements they enter into with us, and we may not be able to adequately protect our rights under these agreements. Furthermore, our strategic collaborators will likely negotiate for certain rights to control decisions regarding the development and commercialization of our product candidates, if approved, and may not conduct those activities in the same manner as we do.

If we fail to establish and maintain strategic collaborations related to our product candidates for the indications and in the geographies in which we do not intend develop and commercialize ourselves, we will bear all of the risk and costs related to the development and commercialization of any such product candidate, and we may need to seek additional financing, hire additional employees and otherwise develop expertise. This could negatively affect the development of any product candidate for which we do not locate a suitable strategic partner.

Risks Related to Our Intellectual Property

If our efforts to protect our proprietary technologies are not adequate, 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 technologies. We will only be able to protect our product candidates, proprietary technologies and their uses from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market.

Composition-of-matter patents on the active pharmaceutical ingredient are generally considered to be the strongest form of intellectual property protection for pharmaceutical products, as such patents provide protection without regard to any method of use. Method-of-use patents protect the use of a product for the specified method.

This type of patent does not prevent a competitor from making and marketing a product that is identical to our products for an indication that is outside the scope of the patented method. Moreover, even if competitors do not actively promote their product for our targeted indications, physicians may prescribe these products “off-label.” Although off-label prescriptions may infringe or contribute to the infringement of method-of-use patents, the practice is common and such infringement is difficult to prevent or prosecute.

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 other foreign countries. Even if the patents do successfully issue, third parties may challenge the validity, enforceability, inventorship, or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. 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. If the breadth or strength of protection provided by the patent applications we hold with respect to our product candidates is threatened, it could dissuade companies from collaborating with us to develop, and threaten our ability to commercialize, our product candidates. Further, if we encounter delays in our clinical trials, the period of time during which we could market our product candidates under patent protection would be reduced. Since patent applications in the United States and most other countries 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. Furthermore, for applications in which all claims are entitled to a priority date before March 16, 2013, an interference proceeding can be provoked by a third-party or instituted by the USPTO, to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. For applications containing a claim not entitled to priority before March 16, 2013, there is greater level of uncertainty in the patent law with the passage of the America Invents Act (2011), which brings into effect significant changes to the U.S. patent laws and which introduces new procedures for challenging pending patent applications and issued patents. A primary change under this reform is creating a “first to file” system in the United States. This will require us to be cognizant of the time from invention to filing of a patent application.

In addition to the protection afforded by patents, we seek to rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to 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 to assign their inventions to us, and require all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot be certain 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. Furthermore, 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 unauthorized material disclosure of our intellectual property 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, operating results and financial condition.

We currently have a non-exclusive license to one U.S. patent. We rely on the licensor to maintain this patent and otherwise protect the intellectual property covered by this non-exclusive license. We have limited control over these activities or over any other intellectual property that may be related to our in-licensed intellectual property. For example, we cannot be certain that activities by the licensor have been or will be conducted in compliance with applicable laws and regulations. We may have no control or input over whether, and in what manner, our licensor may enforce or defend the patent against a third-party. The licensor may enforce or defend the patent less vigorously than if we had enforced or defended the patent ourselves. Further, the licensor may not necessarily seek enforcement in scenarios in which we would feel that enforcement was in our best interests. For example, the licensor may not enforce the patent against a competitor of ours who is not a direct competitor of the licensor. If our in-licensed intellectual property is found to be invalid or unenforceable, then the licensor may not be able to enforce the patent against a competitor of ours. Our non-exclusive license does not prevent a third party from seeking and obtaining a non-exclusive license to the same patent that we license. If we fail to meet our obligations under the non-exclusive license agreement, then the licensor may terminate the license agreement. If the license agreement is terminated, the former licensor may seek to enforce the intellectual property against us. We may choose to terminate the license agreement, and doing so would allow a third party to seek and obtain an exclusive license to the patent. If a third party obtains an exclusive license to intellectual property formerly licensed to us, then the third party may seek to enforce the intellectual property against us.

Our patents covering one or more of our products or product candidates could be found invalid or unenforceable if challenged.

Any of our intellectual property rights could be challenged or invalidated despite measures we take to obtain patent and other intellectual property protection with respect to our product candidates and proprietary technology. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the U.S. and in some other jurisdictions, 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, for example, 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 material information from the USPTO or the applicable foreign counterpart, or made a misleading statement, during prosecution. A litigant or the USPTO itself could challenge our patents on this basis even if we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith. The outcome following such a challenge is unpredictable.

With respect to challenges to the validity of our patents, for example, there might be 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, we would lose at least part, and perhaps all, of the patent protection on a product candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. The cost of defending such a challenge, particularly in a foreign jurisdiction, and any resulting loss of patent protection could have a material adverse impact on one or more of our product candidates and our business. Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend, particularly in a foreign jurisdiction, and could require us

to pay substantial damages, cease the sale of certain products or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all). Any efforts to enforce our intellectual property rights are also likely to be costly and may divert the efforts of our scientific and management personnel.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Because we rely on third parties to research and develop and to manufacture our product candidates, we must, at times, share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets, although our agreements may contain certain limited publication rights. For example, any academic institution that we may collaborate with in the future will usually expect to be granted rights to publish data arising out of such collaboration, provided that we are notified in advance and given the opportunity to delay publication for a limited time period in order for us to secure patent protection of intellectual property rights arising from the collaboration, in addition to the opportunity to remove confidential or trade secret information from any such publication. In the future we may also conduct joint research and development programs that may require us to share trade secrets under the terms of our research and development or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any of our third-party collaborators. A competitor's discovery of our trade secrets would impair our competitive position and have an adverse impact on our business.

Third-party claims of intellectual property infringement may be costly and time consuming, and may delay or harm our drug discovery and development efforts.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. The pharmaceutical and biotechnology industries are characterized by extensive litigation over patent and other intellectual property rights. We may become a party to, or threatened with, future adversarial litigation or other proceedings regarding intellectual property rights with respect to our drug candidates. As the pharmaceutical and biotechnology industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others.

While our product candidates are in preclinical studies and clinical trials, we believe that the use of our product candidates in these preclinical studies and clinical trials in the United States falls within the scope of the exemptions provided by 35 U.S.C. Section 271(e), which provides that it shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention solely for uses reasonably related to the development and submission of information to the FDA. As our product candidates progress toward commercialization, the possibility of a patent infringement claim against us increases. We attempt to ensure that our product candidates and the methods we employ to manufacture them, as well as the methods for their use we intend to promote, do not infringe other parties' patents and other proprietary rights. There can be no assurance they do not, however, and competitors or other parties may assert that we infringe their proprietary rights in any event.

Third parties may hold or obtain patents or other intellectual property rights and allege in the future that the use of our product candidates infringes these patents or intellectual property rights, or that we are employing their proprietary technology without authorization. Under U.S. law, a party may be able to patent a discovery of a new way to use a previously known compound, even if such compound itself is patented, provided the newly discovered use is novel and nonobvious. Such a method-of-use patent, however, if valid, only protects the use of a claimed compound for the specified methods claimed in the patent. This type of patent does not prevent persons from using the compound for any previously known use of the compound. Further, this type of patent does not prevent persons from making and marketing the compound for an indication that is outside the scope of the patented method.

There may be patents of third parties of which we are currently unaware with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our drug candidates. Also, because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our product candidates may infringe. Notwithstanding the above, third parties may in the future claim that our product candidates and other technologies infringe upon these patents and may file suit against us.

Parties making claims against us may seek and obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize AKB-9778 or AKB-4924. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire or they are finally determined to be held invalid or unenforceable. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or our intended methods of use, the holders of any such patent may be able to block or impair our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires or is finally determined to be held invalid or unenforceable. We may also elect to enter into a license in order to settle litigation or in order to resolve disputes prior to litigation. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates. Should a license to a third party patent become necessary, we cannot predict whether we would be able to obtain a license, or if a license were available, whether it would be available on commercially reasonable terms. If such a license is necessary and a license under the applicable patent is unavailable on commercially reasonable terms, or at all, our ability to commercialize our product candidates may be impaired or delayed, which could in turn significantly harm our business.

Further, defense of infringement claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties or redesign our products, which may be impossible or require substantial time and monetary expenditure.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or otherwise violate our patents, trademarks, copyrights or other intellectual property. To counter infringement or other violations, we may be required to file claims, which can be expensive and time consuming. Any such claims could provoke these parties to assert counterclaims against us, including claims alleging that we infringe their patents or other intellectual property rights. In addition, in a patent infringement proceeding, a court may decide that one or more of the patents we assert is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to prevent the other party from using the technology at issue on the grounds that our patents do not cover the technology. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In such a case, we could ultimately be forced to cease use of such marks. In any intellectual property litigation, even if we are successful, any award of monetary damages or other remedy we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

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.

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies also require compliance with a number of procedural, documentary, fee payment (such as annuities) and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.

We have received confidential and proprietary information from collaborators, prospective licensees and other third parties. In addition, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of these third parties or our employees' former employers. We may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in our patents or other intellectual property. We may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our drug candidates. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against these claims, litigation could result in substantial cost and be a distraction to our management and employees.

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

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some countries do not protect intellectual property rights to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other countries. Competitors may use our technologies in countries where we have not obtained patent protection to develop their own products and further, may infringe our patents in territories where we have patent protection, but enforcement is not as strong as in the United States. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain countries. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to pharmaceutical and biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign countries could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk

of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related to Commercialization

Our future commercial success depends upon attaining significant market acceptance of our product candidates, if approved, among physicians, patients, third-party payors and others in the medical community.

Even if we obtain marketing approval for AKB-9778, AKB-4924 or any other product candidates that we may develop or acquire in the future, these product candidates may not gain market acceptance among physicians, third-party payors, patients and others in the medical community. In addition, market acceptance of any approved products depends on a number of other factors, including:

- the efficacy and safety of the product, as demonstrated in clinical trials;
- the clinical indications for which the product is approved and the label approved by regulatory authorities for use with the product, including any warnings that may be required on the label;
- acceptance by physicians and patients of the product as a safe and effective treatment and the willingness of the target patient population to try new therapies and of physicians to prescribe new therapies;
- the cost, safety and efficacy of treatment in relation to alternative treatments;
- the availability of adequate coverage and reimbursement by third party payors and government authorities;
- relative convenience and ease of administration;
- the prevalence and severity of adverse side effects;
- the effectiveness of our sales and marketing efforts; and
- the restrictions on the use of our products together with other medications, if any.

For example, the current established treatments for DME are anti-VEGF medications, including bevacizumab and ranibizumab, and the current established treatments for DR in the absence of DME include laser photocoagulation. We believe that that prescribers may be resistant to prescribing AKB-9778 with or instead of anti-VEGF medications, or instead of laser photocoagulation, which is currently the standard of care for DME and DR, respectively.

Market acceptance is critical to our ability to generate significant revenue. In addition, any product candidate, if approved and commercialized, may be accepted in only limited capacities or not at all. If any approved products are not accepted by the market at all or to the extent that we expect, we may not be able to generate significant revenue and our business would suffer.

If we are unable to establish sales, marketing and distribution capabilities or to enter into agreements with third parties to market and sell our product candidates, we may not be successful in commercializing our product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any product for which we obtain marketing approval, we will need to establish a sales and marketing organization or make arrangements with third parties to perform these services.

There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force are expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- our inability to effectively manage geographically dispersed sales and marketing team;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities and have to enter into arrangements with third parties to perform these services, our profitability, if any, is likely to be materially diminished in relation to if we were to market, sell and distribute any products that we develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

Coverage and reimbursement may be limited or unavailable in certain market segments for any approved products, which could make it difficult for us to sell our products profitably.

Market acceptance and sales of any approved products will depend significantly on the availability of adequate coverage and reimbursement from third-party payors and may be affected by existing and future healthcare reform measures. Government authorities and third-party payors decide which drugs they will pay for and establish formularies and reimbursement levels. Coverage and reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor’s determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product from a government or other third party payor is a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor. Additionally, we may be required to enter into contracts with third-party payors to obtain favorable formulary status. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Even if we obtain coverage for our product candidates, third-party payors may not establish adequate reimbursement amounts, which may reduce the demand for, or the price of, our products. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our products. In addition, in the United States third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new drugs. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved drugs, which in turn will put pressure on the pricing of drugs.

Price controls may be imposed, which may adversely affect our future profitability.

In some countries, particularly member states of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing

negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidates to other available products in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be adversely affected.

The 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.

Our revenue prospects could be affected by changes in healthcare spending and policy in the United States and abroad. We operate in a highly regulated industry and new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to healthcare availability, the method of delivery or payment for healthcare products and services could negatively impact our business, operations and financial condition.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also called the MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of products, we expect that there will be additional pressure to reduce costs. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policies and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may cause a similar reduction in payments from private payors. Similar regulations or reimbursement policies may be enacted in international markets which could similarly impact our business.

In addition, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively ACA, 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 ACA, among other things, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs and biologic products, and creates 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 ACA 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 includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013.

It is likely that federal and state legislatures within the United States and foreign governments will continue to consider changes to existing healthcare legislation. Some of the provisions of the ACA have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017, that while not a law, is widely viewed as the first step toward the passage of legislation that would repeal certain aspects of the ACA. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Congress also could consider subsequent legislation to replace elements of the ACA Act that are repealed. 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 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.

We face substantial competition, which may result in others discovering, developing or commercializing products before, or more successfully, than we do.

The development and commercialization of new products is highly competitive. Our future success depends on our ability to demonstrate and maintain a competitive advantage with respect to the development and commercialization of our product candidates. Our objective is to develop and commercialize new products with superior efficacy, convenience, tolerability and safety. In many cases, the products that we commercialize will compete with existing, market-leading products.

If AKB-9778 is approved and launched commercially, competing drugs may include current anti-VEGF drugs, including Lucentis, Eylea and Avastin in the treatment of DME, and current therapies including laser photocoagulation in the treatment of DR. We may face competition from potential DME and DR treatments.

Many of our potential competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and in manufacturing pharmaceutical products. Large and established companies such as Roche and Regeneron, among others, compete in the market for products to treat DR and DME. In particular, these companies have greater experience and expertise in securing government contracts and grants to support their research and development efforts, conducting testing and clinical trials, obtaining regulatory approvals to market products, manufacturing such products on a broad scale and marketing approved products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development, and have collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection and/or FDA approval or discovering, developing and commercializing products before, or more effectively than, we do. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. If we are not able to compete effectively against potential competitors, our business will not grow and our financial condition and operations will suffer.

Our products may cause undesirable side effects or have other properties that delay or prevent their regulatory approval or limit their commercial potential.

Undesirable side effects caused by our products or even competing products in development that utilize a common mechanism of action could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities and potential products liability claims. AKB-9778 is currently in Phase 2 clinical development. Serious adverse events deemed to be caused by our product candidates could have a material adverse effect on the development of our product candidates and our business as a whole. The most common drug-related adverse events to date in the clinical trial evaluating the safety and tolerability of AKB-9778 in DME have been dizziness and asymptomatic decreases in blood pressure. Our understanding of the relationship between AKB-9778 and these events, as well as our understanding of adverse events in future clinical trials of other product candidates, may change as we gather more information, and additional unexpected adverse events may be observed.

If we or others identify undesirable side effects caused by our product candidates either before or after receipt of marketing approval, a number of potentially significant negative consequences could result, including:

- our clinical trials may be put on hold;
- patient recruitment could be slowed, or enrolled patients may not want to complete a clinical trial;
- we may be unable to obtain regulatory approval for our product candidates or regulatory authorities may withdraw approvals of product candidates;
- regulatory authorities may require additional warnings on the label;
- a medication guide outlining the risks of such side effects for distribution to patients may be required;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our products and could substantially increase commercialization costs.

Risks Related to Our Business and Industry

If we fail to attract and keep senior management and key scientific personnel, we may be unable to successfully develop our products, conduct our clinical trials and commercialize our product candidates.

We are highly dependent on members of our senior management, including Joseph Gardner, our President and Chief Executive Officer, Kevin G. Peters, our Chief Scientific Officer and Stephen Pakola, our Chief Medical Officer. The loss of the services of either of these persons could impede the achievement of our research, development and commercialization objectives.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. We may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the intense competition among numerous biopharmaceutical companies for similar personnel.

We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

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

We are exposed to the risk that our employees, independent contractors, principal investigators, CROs, 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. 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 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.

We may encounter difficulties in managing our growth and expanding our operations successfully.

As we seek to advance our product candidates through clinical trials and commercialization, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic collaborators, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management. Our future financial performance and our ability to commercialize AKB-9778, if approved, and any other product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and, if necessary, sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

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 a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- a diversion of management’s time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals, or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize any product candidates that we may develop; and
- a decline in our stock price.

Failure to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We currently carry product liability insurance covering our clinical trials in the amount of $10 million in the aggregate. Although we maintain product liability 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 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.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Risks Related to Ownership of Our Common Stock

We are eligible to be treated as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Common Stock less attractive to investors.

We are an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have taken advantage of these reduced reporting burdens. In particular, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Investors may find our Common Stock less attractive if we continue to 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. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our Common Stock held by non-affiliates exceeds $700 million as of any June 30 before that time or if we have total annual gross revenue of $1 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31 or, if we issue more than $1 billion in non-convertible debt during any three-year period before that time, we would cease to be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" if the market value of our Common Stock held by non-affiliates is below $75 million as of June 30 in any given year, which would allow us to take advantage of many of the same exemptions from disclosure requirements, including exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

There is currently no market for our Common Stock and there can be no assurance that any market will ever develop. You may therefore be unable to re-sell shares of our Common Stock at times and prices that you believe are appropriate.

Our Common Stock is not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market. Therefore, there is no trading market, active or otherwise, for our Common Stock and our Common Stock may never be included for trading on any stock exchange, automated quotation system or any over-the-counter market. Accordingly, our Common Stock is highly illiquid and you will likely experience difficulty in re-selling such shares at times and prices that you may desire.

Our Common Stock may not be eligible for listing or quotation on any securities exchange.

We do not currently meet the initial quantitative listing standards of any national securities exchange or over-the-counter trading system. We cannot assure you that we will be able to meet the initial listing standards of any national securities exchange, or, if we do meet such initial listing standards, that we will be able to maintain any such listing. Further, the national securities exchanges are adopting so-called "seasoning" rules that will require that we meet certain requirements, including prescribed periods of time trading over-the-counter and minimum filings of periodic reports with the SEC, before we are eligible to apply for listing on such national securities exchanges. We intend to contact an authorized market maker for an over-the-counter quotation system for sponsorship of our Common Stock, but we cannot guarantee that such sponsorship will be approved and our Common Stock listed and quoted for sale. Even if our Common Stock is quoted for sale on an over-the-counter quotation system, buyers may be insufficient in numbers to allow for a robust market and it may prove impossible to sell your shares. In addition, an investor may find it difficult to obtain accurate quotations as to the market value of our Common Stock. In addition, if we fail to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our Common Stock, which may further affect its liquidity. This would also make it more difficult for us to raise additional capital.

The designation of our Common Stock as a "penny stock" would limit the liquidity of our Common Stock.

Our Common Stock may be deemed a "penny stock" (as that term is defined under Rule 3a51-1 of the Exchange Act) in any market that may develop in the future. Generally, a "penny stock" is a Common Stock that is not listed on a securities exchange and trades for less than $5.00 a share. Prices often are not available to buyers and sellers and the market may be very limited. Penny stocks in start-up companies are among the riskiest equity investments. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure

document prepared by the SEC. The document provides information about penny stocks and the nature and level of risks involved in investing in the penny stock market. A broker must also provide purchasers with bid and offer quotations and information regarding broker and salesperson compensation and make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Many brokers choose not to participate in penny stock transactions. Because of the penny stock rules, there may be less trading activity in penny stocks in any market that develops for our Common Stock in the future and stockholders are likely to have difficulty selling their shares.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our Common Stock, which may limit the ability of our stockholders to buy and sell our Common Stock and could have an adverse effect on the market for and price of our Common Stock.

The market price of our Common Stock may be highly volatile, and may be influenced by numerous factors, some of which are beyond our control.

If a market for our Common Stock develops, its market price could fluctuate substantially due to a variety of factors, including market perception of our ability to meet our growth projections and expectations, quarterly operating results of other companies in the same industry, trading volume in our Common Stock, changes in general conditions in the economy and the financial markets or other developments affecting our business and the business of others in our industry. In addition, the stock market itself is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons related and unrelated to their operating performance and could have the same effect on our Common Stock. The market price of shares of our Common Stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- results of clinical trials of our product candidates;
- the timing of the release of results of our clinical trials;
- results of clinical trials of our competitors' products;
- safety issues with respect to our products or our competitors' products;
- regulatory actions with respect to our products or our competitors' products;
- actual or anticipated fluctuations in our financial condition and operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Common Stock by us, our insiders or our other stockholders;
- speculation in the press or investment community;
- announcement or expectation of additional financing efforts;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities;
- changes in market conditions for biopharmaceutical stocks; and

- changes in general market and economic conditions.

In addition, the stock market has recently experienced significant volatility, particularly with respect to pharmaceutical, biotechnology and other life sciences company stocks. The volatility of pharmaceutical, biotechnology and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock. As we operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our industry or our products, or to a lesser extent our markets. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

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

As of March 15, 2017, our executive officers, directors and principal stockholders, together with their respective affiliates, owned approximately 65.9% of our Common Stock, including shares subject to outstanding options that are exercisable within 60 days after such date. Accordingly, these stockholders will be able to exert a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of our board of directors and approval of significant corporate transactions. This concentration of ownership could have the effect of entrenching our management and/or the board of directors, delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material and adverse effect on the fair market value of our Common Stock.

The shares of Common Stock issued in the Merger and the Offering are "restricted securities" and, as such, may not be sold except in limited circumstances.

None of the shares of Common Stock issued in the Merger and the Offering have been registered under the Securities Act of 1933, as amended, or the Securities Act, or registered or qualified under any state securities laws. The shares of Common Stock issued in the Merger and the Offering were sold and/or issued pursuant to exemptions contained in and under those laws. Accordingly, such shares of Common Stock are "restricted securities" as defined in Rule 144 under the Securities Act and must, therefore, be held indefinitely unless registered under applicable federal and state securities laws, or an exemption is available from the registration requirements of those laws. The certificates representing the shares of Common Stock issued in the Merger and the Offering reflect their restricted status.

We have agreed to register the shares of Common Stock issued in the Merger and the Offering. There can be no assurance, however, that the SEC will declare the registration statement effective, thereby enabling the shares of Common Stock issued in the Merger or the Offering to be freely tradable. In addition, Rule 144 under the Securities Act, which permits the resale, subject to various terms and conditions, of limited amounts of restricted securities after they have been held for six months will not immediately apply to our Common Stock because we were at one time designated as a "shell company" under SEC regulations. Pursuant to Rule 144(i), securities issued by a current or former shell company that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after the date on which the issuer filed current "Form 10 information" (as defined in Rule 144(i)) with the SEC reflecting that it ceased being a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the issuer has satisfied certain reporting requirements under the Exchange Act. We believe this requirement to file Form 10 information has been satisfied by the filing of this report on Form 8-K. Because, as a former shell company, the reporting requirements of Rule 144(i) will apply regardless of holding period, the restrictive legends on certificates for the shares of Common Stock issued in the Merger and the Offering cannot be removed except in connection with an actual sale that is subject to an effective registration statement under, or an applicable exemption from the registration requirements of, the Securities Act.

If we are unable to register in a timely manner the shares of Common Stock issued to stockholders in the Merger or the Offering, then the ability to re-sell shares of our Common Stock so issued will be delayed.

We have agreed, at our expense, to prepare a registration statement, and to cause our Company to file a registration statement with the SEC registering the resale of 27,049,555 shares of our Common Stock issued in connection with the Merger and the Offering. There are many reasons, including some over which we have little or no control, which could keep the registration statement from being declared effective by the SEC, including delays resulting from the SEC review process and comments raised by the SEC during that process. Accordingly, in the event that the registration statement is not declared effective within these timeframes, the shares of Common Stock proposed to be covered by such registration statement will not be eligible for resale until the registration statement is effective or an exemption from registration, such as Rule 144, becomes available. If the registration statement is not filed within 60 days of the closing of the Merger, then we may be subject to certain liquidated damages pursuant to the registration rights agreement we entered into with the holders of 27,049,555 shares of our Common Stock issued in connection with the Merger and the Offering.

Because we became a reporting company under the Exchange Act by means other than a traditional underwritten initial public offering, we may not be able to attract the attention of research analysts at major brokerage firms.

Because we did not become a reporting company by conducting an underwritten initial public offering of our Common Stock, and because we will not be listed on a national securities exchange, security analysts of brokerage firms may not provide coverage of our company. In addition, investment banks may be less likely to agree to underwrite secondary offerings on our behalf than they might if we became a public reporting company by means of an underwritten initial public offering, because they may be less familiar with our company as a result of more limited coverage by analysts and the media, and because we became public at an early stage in our development. The failure to receive research coverage or support in the market for our shares will have an adverse effect on our ability to develop a liquid market for our Common Stock.

Because the Merger was a reverse merger, the registration statement we file with respect to the shares of Common Stock received by investors in the Merger might be subject to heightened scrutiny by the SEC, and we may not be able to attract the attention of major brokerage firms.

Additional risks may exist as a result of our becoming a public reporting company through a “reverse merger.” Certain SEC rules are more restrictive when applied to reverse merger companies, such as the ability of stockholders to re-sell their shares of Common Stock pursuant to Rule 144, and the SEC may subject the registration statement we file with respect to the shares of Common Stock received by investors in the Merger and the Offering to heightened scrutiny. In addition, securities analysts of major brokerage firms may not provide coverage of our capital stock or business. Because we became a public reporting operating company through a reverse merger, there is no incentive to brokerage firms to recommend the purchase of our Common Stock. We cannot assure you that brokerage firms will want to provide analyst coverage of our capital stock or business in the future.

The resale of shares covered by a registration statement could adversely affect the market price of our Common Stock in the public market, should one develop, which result would in turn negatively affect our ability to raise additional equity capital.

The sale, or availability for sale, of our Common Stock in the public market may adversely affect the prevailing market price of our Common Stock and may impair our ability to raise additional capital by selling equity or equity-linked securities. We have agreed, at our expense, to prepare a registration statement, and to cause us to file a registration statement with the SEC registering the resale of 27,049,555 shares of our Common Stock issued in connection with the Merger and the Offering. Once effective, the registration statement will permit the resale of these shares at any time. The resale of a substantial number of shares of our Common Stock in the public market could adversely affect the market price for our Common Stock and make it more difficult for you to sell shares of our Common Stock at times and prices that you feel are appropriate. Furthermore, we expect that, because there will be a large number of shares registered pursuant to a registration statement, selling stockholders will continue to offer shares covered by such registration statement for a significant period of time, the precise duration of which cannot be predicted. Accordingly, the adverse market and price pressures resulting from an offering pursuant to a registration statement may continue for an extended period of time and continued negative pressure on the market price of our Common Stock could have a material adverse effect on our ability to raise additional equity capital.

Issuance of stock to fund our operations may dilute your investment and reduce your equity interest.

We may need to raise capital in the future to fund the development of our drug candidates or for other purposes. Any equity financing may have significant dilutive effect to stockholders and a material decrease in our stockholders' equity interest in us. Equity financing, if obtained, could result in substantial dilution to our existing stockholders. At its sole discretion, our board of directors may issue additional securities without seeking stockholder approval, and we do not know when we will need additional capital or, if we do, whether it will be available to us.

We have broad discretion in the use of our cash, including the net proceeds from our private placement offering, and may not use them effectively.

We currently intend to use our cash resources, including the net proceeds from our private placement offering, for continuing clinical development of AKB-9778 in patients with diabetic retinopathy, including the continuation of our ongoing trials and the preparation for and initiation of the Phase 3 trials and for working capital and other general corporate purposes. Although we currently intend to use the net proceeds from our private placement offering in such a manner, we will have broad discretion in the application of the net proceeds. Our failure to apply these funds effectively could affect our ability to continue to develop and commercialize our product candidates. Pending their use, we may invest the net proceeds from our private placement offering in a manner that does not produce income or loses value.

We will incur increased costs as a result of being a public company and our management expects to devote substantial time to public company compliance programs.

As a public company, we will incur significant legal, insurance, accounting and other expenses that we did not incur as a private company. In addition, our administrative staff will be required to perform additional tasks. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment will result in increased general and administrative expenses and may divert management's time and attention from product development activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. In connection with the Merger, pursuant to which we acquired Aerpio, we are increasing our directors' and officers' insurance coverage, which will increase our insurance cost. In the future, it will be more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

In addition, in order to comply with the requirements of being a public company, we may need to undertake various actions, including implementing new internal controls and procedures and hiring new accounting or internal audit staff. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed in reports under the Securities Exchange Act of 1934 as amended, or the Exchange Act, is accumulated and communicated to our principal executive and financial officers. Any failure to develop or maintain effective controls could adversely affect the results of periodic management evaluations. In the event that we are not able to demonstrate compliance with the Sarbanes-Oxley Act, that our internal control over financial reporting is perceived as inadequate, or that we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and the price of our ordinary shares could decline. In addition, if we are unable to continue to meet these requirements, we may not be able to obtain listing on a national securities exchange.

Our management team and board of directors will need to devote significant efforts to maintaining adequate and effective disclosure controls and procedures and internal control over financial reporting in order to comply with applicable regulations, which may include hiring additional legal, financial reporting and other finance and accounting staff and engaging consultants to assist in designing and implementing such procedures. Additionally,

any of our efforts to improve our internal controls and design, implement and maintain an adequate system of disclosure controls may not be successful and will require that we expend significant cash and other resources. In addition, our management will be required to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report. This assessment will need to include the disclosure of any material weaknesses in our internal control over financial reporting identified by our management or our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statement.

Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the later of our second annual report or the first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company” as defined in the JOBS Act. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal controls in the future.

Our independent registered public accounting firm has identified a material weakness in our internal control over financial reporting which will require remediation.

Our independent registered public accounting firm issued a letter to our audit committee and management in which they identified certain matters that they consider to constitute material weaknesses in the design and operation of our internal control over financial reporting as of December 31, 2016. A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for the oversight of the company’s financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified by our auditors relate to deficiencies with our disclosure controls and procedures, including review and approval procedures with respect to financial information generated to prepare our consolidated financial statements, coupled with a lack of segregation of duties as a result of our size and overall lack of resources in the accounting department. This resulted in not ensuring appropriate segregation of duties between incompatible functions, and made it more difficult to ensure review of financial reporting issues.

We have taken recent steps to remediate this material weakness. If we fail to remediate the material weakness, we may fail to meet our future reporting obligations, our financial statements may contain material misstatements and our operational results may be harmed. Any such failure could also adversely affect the results of the periodic management evaluations and, to the extent we are no longer an emerging growth company, the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that will be required under Section 404 of the Sarbanes-Oxley Act of 2002. Internal control deficiencies could also cause investors to lose confidence in our reported financial information.

Provisions in our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation that will be effective on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders and amended and restated by-laws contain provisions that may have the effect of discouraging, delaying or preventing a change in control of us or changes in our management. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Common Stock, thereby depressing the market price of our Common Stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- authorize "blank check" preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our Common Stock;
- create a classified board of directors whose members serve staggered three-year terms;
- specify that special meetings of our stockholders can be called only by our board of directors pursuant to a resolution adopted by a majority of the directors then in office;
- prohibit stockholder action by written consent;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- prohibit the consummation of a liquidation event unless approved by a supermajority (66 2/3% and majority of the minority, if applicable) vote of the holders of our voting stock;
- prohibit the consummation of an affiliate transaction with a majority stockholder that holds more than 50% of the voting power of our capital stock unless approved by a supermajority (66 2/3%) vote of directors then in office;
- provide that the number of directors on our board of directors may only be changed with a supermajority (66 2/3%) of directors then in office, even though less than a quorum;
- provide that our directors may be removed only for cause and by a supermajority (66 2/3%) vote of the holders of our voting stock;
- provide that vacancies on our board of directors may be filled only by a supermajority (66 2/3%) of directors then in office, even though less than a quorum;
- require a supermajority (66 2/3% and majority of the minority, if applicable) vote of the holders of our voting stock or the supermajority (66 2/3%) vote of the members of our board of directors then in office to amend our amended and restated by-laws; and
- require a supermajority (66 2/3% and majority of the minority, if applicable) vote of the holders of our voting stock and a supermajority (66 2/3%) vote of the holders of each class of our voting stock entitled to vote thereon to amend certain provisions of our amended and restated certificate of incorporation.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, our amended and restated by-laws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Common Stock, and could also affect the price that some investors are willing to pay for our Common Stock.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. Our existing NOLs may be subject to substantial limitations arising from previous ownership changes, and if we undergo an ownership change in connection with our private placement offering, our ability to utilize NOLs could be further limited by Section 382 of the Code. In addition, future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 of the Code. Our NOLs may also be impaired under state law. Accordingly, we may not be able to utilize a material portion of our NOLs. Furthermore, our ability to utilize our NOLs is conditioned upon our attaining profitability and generating U.S. federal taxable income. As described above under "—Risks related to our financial position and need for additional capital," we have incurred significant net losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future; thus, we do not know whether or when we will generate the U.S. federal taxable income necessary to utilize our NOLs. A full valuation allowance has been provided for the entire amount of our NOLs.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

You should not rely on an investment in our Common Stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our Common Stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our operations. In addition, any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our Common Stock. Accordingly, investors must rely on sales of their Common Stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our Common Stock.

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 our consolidated financial statements and the related notes and other financial information included in this Current Report on Form 8-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Current Report on Form 8-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties as described under the heading "Forward-Looking Statements" elsewhere in this Current Report on Form 8-K. You should review the disclosure under the heading "Risk Factors" in this Current Report on Form 8-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

On March 15, 2017, our wholly-owned subsidiary, Aerpio Acquisition Corp., a corporation formed in the State of Delaware, or the Acquisition Sub, merged with and into Aerpio Therapeutics, Inc., a corporation incorporated on November 17, 2011 under the laws of the State of Delaware. Pursuant to this transaction, Aerpio was the surviving corporation and became our wholly-owned subsidiary. All of the outstanding stock of Aerpio was converted into shares of our Common Stock.

As a result of the Merger, we acquired the business of Aerpio and will continue the existing business operations of Aerpio as a publicly-traded company under the name Aerpio Pharmaceuticals, Inc. Immediately after the Merger, Aerpio was converted into a Delaware limited liability company pursuant to the Conversion.

The Merger was treated as a recapitalization and reverse acquisition for our company for financial reporting purposes. Aerpio is considered the acquirer for accounting purposes, and our historical financial statements before the Merger will be replaced with the historical financial statements of Aerpio before the Merger in future filings with the SEC.

As the result of the Merger and the change in our business and operations, a discussion of the past financial results of Zeta Acquisition Corp. II is not pertinent, and under applicable accounting principles the historical financial results of Aerpio, the accounting acquirer, prior to the Merger are considered the historical financial results of our company.

The following discussion highlights Aerpio's results of operations and the principal factors that have affected our financial condition as well as our liquidity and capital resources for the periods described, and provides information that management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The following discussion and analysis are based on Aerpio's audited financial statements contained in this Report, which we have prepared in accordance with United States generally accepted accounting principles. You should read the discussion and analysis together with such financial statements and the related notes thereto.

Basis of Presentation

The audited financial statements of Aerpio for the fiscal years ended December 31, 2016 and 2015, contained herein, include a summary of our significant accounting policies and should be read in conjunction with the discussion below.

Operating Overview

We are a biopharmaceutical company focused on the development of novel therapeutics for vascular disorders with a concentration on diseases of the eye. Our lead product, AKB-9778, a small molecule activator of the Tie-2 pathway, is being developed for diabetic eye disease. In addition to AKB-9778, we are advancing an antibody directed at HPTPbeta, ARP-1536 in vascular disorders of the eye. ARP-1536, currently in the preclinical development stage, is designed to address the same pathway as AKB-9778. We are also completing IND-enabling studies with AKB-4924, a HIF prolyl-hydroxylase 2 (PHD2) inhibitor that leads to stabilization of HIF-1. Aerpio was incorporated on November 17, 2011, under the laws of the State of Delaware and was capitalized in December 2011 in a spinout transaction from Akebia Therapeutics, Inc., or Akebia, to enable more rapid development of its compounds.

Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, acquiring and developing its technology, identifying potential product candidates, and undertaking preclinical and clinical studies. We have not generated any revenues to date, nor is there any assurance of future revenues. Our product candidates are subject to long development cycles, and there is no assurance we will be able to successfully develop, obtain regulatory approval for, or market our product candidates. As of December 31, 2016, we had an accumulated deficit of $86.2 million and anticipate incurring additional losses for the next several years.

Our primary source of liquidity to date has been through sales of convertible preferred stock and proceeds from bridge loans. In 2016, we raised a total of $12.5 million through the issuance of convertible notes. In 2017 we raised a total of $0.3 million through the issuance of convertible notes. In 2014, we raised a total of $22.0 million ($21.8 million net of offering costs) through the issuance of redeemable convertible preferred stock. We will need to raise additional funds in order to further advance our clinical research programs, commence additional clinical trials, and operate its business and continue as a going concern. We are pursuing financing alternatives, which include equity financing, business development arrangements, licensing arrangements and business combination transactions. However, financing may not be available to us in the necessary time frame, in the amounts that we need, on terms that are acceptable to us or at all. If we are unable to raise the necessary funds when needed or reduce spending on currently planned activities, we may not be able to continue the development of our product candidates or we could be required to delay, scale back, or eliminate some or all of our development programs and other operations and will materially harm our business, and financial position. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We expect our expenses will increase substantially in connection with our ongoing activities, as we:

- continue our research and development efforts;
- add personnel to support our clinical development program; and
- operate as a public company.

We are subject to a number of risks similar to other life science companies in the current stage of our life cycle, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, competitors developing new technological innovations, and protection of proprietary technology. If we do not successfully mitigate any of these risks, we will be unable to generate revenue or achieve profitability. The accompanying financial statements have been prepared assuming our company will continue as a going concern, which contemplates the realization of assets and payments of liabilities in the ordinary course of business. We had cash and cash equivalents and short-term investments of $1.6 million at December 31, 2016. We believe our existing cash and cash equivalents and short-term investments, together with the amounts received from our Offering, will be sufficient to fund currently planned operations into the first quarter of fiscal year 2019.

Recent Developments

Reverse Merger

On March 15, 2017, pursuant to the Merger Agreement, Acquisition Sub merged with and into Aerpio, with Aerpio remaining as the surviving entity and a wholly-owned operating subsidiary of our company. The Merger was effective as of March 15, 2017, upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware.

At the Effective Time, the legal existence of Merger Sub ceased and each 2.3336572 shares of Aerpio common stock that was issued and outstanding immediately prior to the Effective Time (including restricted common stock, whether vested or unvested issued under the 2011 Plan) was automatically exchanged for one share of our Common Stock. In addition, immediately prior to the Merger, the outstanding amounts under certain Senior Secured Convertible Promissory Note issued by Aerpio to its pre-Merger noteholders were converted into Aerpio common stock, which were converted in the Merger into shares of our Common Stock at the same ratio. We issued an

aggregate of 18,000,000 shares of our Common Stock upon such exchange of the outstanding shares of Aerpio common stock. In addition, at the effective time, we assumed Aerpio's 2011 Plan. As of the Effective Time, we assumed the outstanding options under the 2011 Plan and converted them into option to purchase 927,592 shares of our Common Stock. Immediately after the Merger, Aerpio was converted into a Delaware limited liability company pursuant to the Conversion.

Aerpio is considered the accounting acquirer in the Merger and will account for the transaction as a capital transaction because Aerpio's former stockholders received substantially all of the voting rights in the combined entity and Aerpio's senior management represents all of the senior management of the combined entity.

Share Cancellation

Following the Merger and Conversion, and immediately prior to the closing of the Offering, an aggregate of 4,000,000 of the 5,000,000 shares of our Common Stock that were held by the pre-Merger stockholders of Zeta Acquisition Corp. II were surrendered for cancellation.

Private Placement

Following the Merger, the Conversion and the Cancellation, we sold to accredited investors approximately $40.25 million of our shares of Common Stock, or 8,049,555 shares, at a price of $5.00 per share. Also, we granted the investors in the Offering registration rights requiring us to register those shares of Common Stock for public resale, as described in more detail below. The then existing stockholders of Aerpio who agreed to become parties to the registration rights agreement also became entitled to such registration rights. The Offering closed on March 15, 2017.

Components of Statements of Operations

Operating Expenses

Research and Development. Research and development expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits and travel. These costs also consist of third-party service providers for our potential product development activities, third-party consulting services, laboratory supplies, research materials, medical equipment, computer equipment, and related depreciation and amortization. We expense research and development expenses as incurred. As we continue to invest in basic research and clinical development of our product candidates, we expect research and development expenses to increase in absolute dollars.

General and Administrative. Our general and administrative expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits and travel, for our finance, human resources, regulatory and other administrative personnel. In addition, general and administrative expenses include third-party consulting, legal, audit, accounting services, and facilities costs. We expect general and administrative expenses to increase in absolute dollars following the consummation of the Merger due to additional legal, accounting, insurance, investor relations and other costs associated with being a public company, as well as other costs associated with growing our business.

Interest Income

Interest income consists primarily of interest income received on our cash and cash equivalents.

Interest Expense

Interest expense consists primarily of interest related to our convertible promissory notes issued in 2016.

Other Income (Expense), Net

Other income consists of grant income that is recognized as earned based on contract work performed.

Results of Operations

The following tables set forth our results of operations for the periods presented:

	Year Ended December 31	
	2016	**2015**
Operating expenses:		
Research and development	**$ 11,367,590**	$ 11,625,404
General and administrative	**5,265,995**	5,861,151
Total operating expenses	**16,633,585**	17,486,555
Operating loss	**(16,633,585)**	(17,486,555)
Other:		
Grant income	**131,281**	369,688
Interest (expense) income, net	**(482,204)**	19,622
Reimbursements from Akebia	**997**	27,022
Total other	**(349,926)**	416,332
Net loss and comprehensive loss	**$(16,983,511)**	$(17,070,223)

Comparison of the Years Ended December 31, 2016 and 2015

Operating Expenses

	Years Ended December 31,	
	2016	**2015**
Operating expenses:		
Research and development	**$11,367,590**	$11,625,404
General and administrative	**5,265,995**	5,861,151
Total operating expenses	**$16,633,585**	$17,486,555

Research and Development. Research and development expenses in 2016 decreased $0.3 million, or 2.2%, compared to 2015. This decrease was primarily attributable to a decrease in spending on our lead program AKB 9778 of $2.1 million, offset by an increase in spending for our AKB 4924 program of $1.1 million and an increase in spending on our ARP 1536 program of $0.8 million.

The decrease in spending in the AKB 9778 program for the year ended December 31, 2016 from the corresponding period in 2015 is primarily attributed to reductions in costs to develop alternative formulations of our drug product candidate and the conclusion of our Phase 2 study in Diabetic Macular Edema in fiscal 2015. These reductions were offset by small increases in spending for non-clinical related studies and in personnel related costs as we began to prepare for the next human clinical study of this compound.

The increase in spending in our AKB 4924 program for the year ended December 31, 2016 from the corresponding period in 2015 is primarily attributable to the initiation of the first human clinical study of this compound and to a lesser degree an increase in spending on personnel related costs, costs to develop and make drug product and regulatory related costs offset by a reduction in expenses for non-clinical toxicology studies.

The increase in spending in the ARP 1536 program for the year ended December 31, 2016 from the corresponding period in 2015 is primarily due to drug substance development costs and to a lesser extent an increase in personnel related costs.

General and Administrative. General and administrative expenses in 2016 decreased $0.6 million, or 10.2%, compared to 2015. This decrease was primarily attributable to reduced spending on our patent prosecution and support costs offset by increased spending for professional service related costs and higher personnel related costs.

Other Income

	Year Ended December 31	
	2016	**2015**
Other:		
Grant income	**$ 131,281**	$369,688
Interest (expense) income, net	**(482,204)**	19,622
Reimbursements from Akebia	**997**	27,022
Total other	**$(349,926)**	$416,332

Grant income

Grant income is recognized as earned based on contract work performed. Grant income amounts can vary greatly from period to period depending on the funding and needs of the party for whom we perform the requested services.

Interest income (expense)

Interest expense in fiscal 2016 is primarily related to interest on the senior secured convertible notes issued during the year, offset in part by a small amount of interest income. We completed three note financings in fiscal 2016 totaling an aggregate principal amount of approximately $12.5 million. The financings were done in the three separate tranche's over the course of 2016, one in March and April 2016 for $4.5 million, one in July 2016 for $4.5 million and one in October for $3.5 million. The notes bear interest at the rate of eight percent (8%) per annum, compounded annually, until paid in full or converted as provided in the note agreements. In fiscal 2015, there was no interest expense. Interest income reflects amounts earned on invested cash balances in short term money market instruments.

Reimbursements from Akebia

When we were spun out of Akebia in 2011, we continued to provide some services to Akebia until they could begin to establish their own capability provide such services. The reduction in amounts reimbursed from Akebia in fiscal 2016 from fiscal 2015, reflects a reduction in the amount and number of services provided to Akebia from period to period.

Liquidity and Capital Resources

Since our inception in 2011 as a Delaware corporation, we have incurred significant net losses and negative cash flows from operations. For the years ended December 31, 2015 and 2016, we had net losses of $17.1 million and $17.0 million, respectively. At December 31, 2015 and 2016, we had an accumulated deficit of $66.6 million and $86.2 million, respectively.

At December 31, 2015 and 2016, we had cash and cash equivalents and short term investments of $5.2 million and $1.6 million, respectively. To date, we have financed our operations principally through private placements of our convertible preferred stock and issuances of convertible promissory notes. Through December 31, 2016, we have received proceeds of $54.0 million from the issuance of shares of our convertible preferred stock and approximately $12.5 million from the issuance of convertible notes. In January 2017, we received proceeds of approximately $0.3 million from the issuance of convertible notes**.** Based on our current plans**,** we expect that our existing cash and cash equivalents, together with the net proceeds from the Offering, to enable us to conduct our planned operations into the first quarter of fiscal 2019.

We could potentially use our available financial resources sooner than we currently expect, and we may incur additional indebtedness to meet future financing needs. Adequate additional funding may not be available to us on acceptable terms or at all. In addition, although we anticipate being able to obtain additional financing through non-dilutive means, we may be unable to do so. Our failure to raise capital as and when needed could have significant negative consequences for our business, financial condition and results of operations. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section titled “Risk Factors.”

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31	
	2016	**2015**
Net cash used in operating activities	**$(15,718,144)**	$(17,884,682)
Net cash used in investing activities	**(113,297)**	(41,037)
Net cash provided by financing activities	**12,296,924**	3,000
Net decrease in cash and cash equivalents	**$ (3,534,517)**	$(17,922,719)

Operating Activities

We have historically experienced negative cash outflows as we developed AKB-9778, ARP-1536 and AKB-4924. Our net cash used in operating activities primarily results from our net loss adjusted for non-cash expenses and changes in working capital components. Our primary uses of cash from operating activities are amounts due to contract research organizations for the conduct of our clinical programs and employee-related expenditures for research and development, and general and administrative activities. Our cash flows from operating activities will continue to be affected principally by increased spending to advance of our product candidates in the clinic, personnel to support those activities and other operating activities.

For the year ended December 31, 2016, operating activities used approximately $15.7 million in cash, primarily as a result of our net loss of $17.0 million, offset by approximately $0.5 million from changes in working capital and $0.8 million in non-cash charges that consisted of stock compensation expense, interest expense on the convertible notes and depreciation expense. For the year ended December 31, 2015, operating activities used $17.9 million in cash, primarily as a result of our net loss of $17.1 million and a $1.3 million net change in our working capital, mostly a reduction in our accounts payable and accrued expense balances, offset by non-cash charges of approximately $0.5 million consisting of stock compensation expense and depreciation expense.

Investing Activities

Cash used in investing activities for both twelve month periods ended December 31, 2016 and 2015 was due to capital expenditures to support our operations.

Financing Activities

For the year ended December 31, 2016, virtually all of the cash from financing activities relates to the completion of a senior secured convertible financings. In March 2016, Aerpio entered into a senior secured convertible note financing, which we refer to as the Convertible Notes or Convertible Note Financing totaling $9.0 million with certain preferred stock investors of Aerpio. In October 2016, the Company entered into an additional senior secured convertible financing totaling $3.5 million with certain preferred stock investors of Aerpio. The Convertible Notes accrued interest at 8% per annum, compounded annually. Aerpio incurred approximately $0.1 million of costs in association with the issuance of the Convertible Notes that were amortized over the seven month expected life of the Convertible Notes from the date of issuance. Each of the Convertible Notes were also subject to mandatory prepayment and were also convertible into preferred shares of Aerpio upon the occurrence of certain events, as described in the Note Agreements. The outstanding principal and accrued interest under the Convertible Notes were converted into shares of Aerpio common stock immediately prior to the Effective Time, and exchanged for shares of our Common Stock pursuant to the Merger.

During 2015, financing activities provided a small amount in cash from the exercise of stock options.

Contractual Obligations and Commitments of Aerpio

The following table summarizes Aerpio's contractual obligations and commitments as of December 31, 2015 that will affect our future liquidity:

	2017	2018	2019 and Thereafter	Total
Operating leases	$ 104,440	$52,978	$ —	$ 157,418
All other operating commitments	2,761,501	—	—	2,761,501
Total commitments	$2,865,941	$52,978	$ —	$2,918,919

Aerpio's commitment for operating leases relates to its lease of office space in Cincinnati, Ohio.

Aerpio enters into contracts in the normal course of business with clinical sites for the conduct of clinical trials, CROs for preclinical research studies, professional consultants for expert advice and other vendors for clinical supply manufacturing or other services. These contracts generally provide for termination on notice, and therefore are cancelable contracts.

Off-Balance Sheet Arrangements

During 2016 and 2015, we did not have any off-balance sheet arrangements as defined by applicable SEC regulations.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see the notes to our financial statements.

We also receive payments for cost reimbursement of allowable expenditures and payments for the achievement of certain milestones under government grants in return for qualifying property and equity purchases and research and development activities over a contractually defined period. These payments are nonrefundable. Government grants generally provide us with fixed payments and a contractually defined period of research. Grant revenues are recognized as associated expenses incurred and are billed to grantors in conjunction with the terms of the grants.

Prepaid and Accrued Research and Development Expenses

As part of the process of preparing our consolidated financial statements, we are required to estimate our prepaid and accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed. We make estimates of our prepaid and accrued research and development expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at the time. We confirm the accuracy of estimates with the service providers and make adjustments if necessary. Examples of estimated prepaid and accrued research and development expenses include expenses for:

- CROs in connection with clinical studies;
- Investigative sites in connection with clinical studies;
- Vendors in connection with preclinical development activities; and
- Vendors related to product manufacturing, development and distribution of clinical materials.

We base our expenses related to clinical studies on our estimates of the services received and efforts expended pursuant to contracts with multiple CROs that conduct and manage clinical studies on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. The scope of services under these contracts can be modified and some of the agreements may be cancelled by either party upon written notice. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the clinical expense. Payments under some of these contracts depend on factors such as the successful enrollment of subjects and the completion of clinical study milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or prepaid accordingly.

Although we do not expect our estimates to be materially different from amounts actually incurred, if our estimates of the status and timing of services performed differ from the actual status and timing of services performed we may report amounts that are too high or too low in any particular period. To date, there have been no material differences between our estimates and the amount actually incurred.

Stock-Based Compensation

We issue stock-based awards generally in the form of stock options and restricted stock. We account for our stock-based compensation awards in accordance with FASB ASC Topic 718, Compensation—Stock Compensation, or ASC 718. ASC 718 requires all stock-based payments to employees, including grants of employee stock options and restricted stock and modifications to existing stock awards to be recognized in the statements of operations and comprehensive loss based on their fair values. Described below is the methodology we have utilized in measuring stock-based compensation expense.

We estimate the fair value of our options to purchase shares of common stock to employees using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including (a) the expected stock price volatility, (b) the calculation of the expected term of the award, (c) the risk-free interest rate and (d) expected dividends. Due to the lack of a public market for the trading of our common stock and a lack of company-specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. The historical volatility is calculated based on a period of time commensurate with the expected term assumption. The computation of expected volatility is based on the historical volatility of a representative group of companies with similar characteristics to our company, including stage of product development and life science industry focus. We are a development stage company in an early stage of product development with no revenues and the representative group of companies has certain similar characteristics. We believe the group selected has sufficient similar economic and industry characteristics, and includes companies that are most representative of our company. We use the simplified method as prescribed by the SEC Staff Accounting Bulletin No. 107, Share-Based Payment, to calculate the expected term for options granted to employees as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The expected term is applied to the stock option grant group as a whole, as we do not expect substantially different exercise or post-vesting termination behavior among our employee population. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options. The expected dividend yield is assumed to be zero as we have never paid dividends and have no current plans to pay any dividends on our common stock, similar to our peer group. The grant date fair value of restricted stock award grants is based on the estimated value of our common stock at the date of grant.

Our stock-based awards are subject to service-based vesting conditions. Compensation expense related to awards to employees with service-based vesting conditions is recognized on a straight-line basis based on the grant date fair value over the associated service period of the award, which is generally the vesting term.

During 2015 and 2016, stock-based compensation expense was $0.5 million for each of the two fiscal year periods. As of December 31, 2016, we had $0.3 million of total unrecognized stock-based compensation costs for stock options, which we expect to recognize over a weighted-average period of 2.4 years. As of December 31, 2016, we had $0.4 million of total unrecognized stock-based compensation costs for restricted stock awards, which we expect to recognize over a weighted-average period of 1.7 years.

Common Stock Valuations. The fair value of the common stock was determined by our board of directors, which intended all stock options granted to be exercisable at a price per share not less than the per share fair value of our Common Stock underlying those options on the date of grant. The valuations of our Common Stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation* of *Privately-Held-Company Equity Securities Issued as Compensation*, or AICPA Practice Aid. The assumptions we use in the valuation model are based on future expectations combined with management judgment. In the absence of a public trading market, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our Common Stock as of the date of each option grant, including the following factors:

- valuations performed by unrelated third-party specialists;
- the prices, rights, preferences, and privileges of our convertible preferred stock relative to those of our Common Stock;
- the prices of Aerpio's former convertible preferred stock sold to outside investors in arm's-length transactions;
- the lack of marketability of our Common Stock;
- our actual operating and financial performance;
- current business conditions and projections;
- our hiring of key personnel and the experience of our management;
- our stage of development;

- the likelihood of achieving a liquidity event, such as a public offering or a merger or acquisition of our business given prevailing market conditions;
- the illiquidity of stock-based awards involving securities in a private company;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

For the valuation of our common stock at December 31, 2016, we used the hybrid method. As described in the AICPA's accounting and valuation guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, the hybrid method is a hybrid between the probability-weighted expected returns method (PWERM) and the option-pricing method (OPM). We considered a "go-public scenario", in which our preferred shares convert to common stock, and a second scenario, in which equity value is allocated using the OPM. We used the guideline public company method under the market approach to value our equity. We estimated our equity value based on a multiple of paid-in capital as indicated by a group of guideline public companies. The group consisted of clinical-stage drug development companies which completed initial public offerings in the six months preceding our appraisal date. In addition, for each of the guideline companies, we considered the increase, or step-up, in per share value from the preferred financing preceding the public offering to the common stock value in the public offering. We also considered the equity value of each guideline company, not including the proceeds of the public offering.

The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the preferred liquidation preference at the time of a liquidity event, such as a strategic sale, merger or initial public offering. For each Black-Scholes calculation in the OPM, the option "strike price" is determined by the company's capital structure. Additional inputs to the OPM include the estimated time to liquidity and estimated equity volatility.

We applied a discount for lack of marketability to the values indicated for the common stock in the go-public and OPM scenarios. Our estimate of the appropriate discount for lack of marketability relied on an Asian put option calculation.

The following table summarizes the significant assumptions used in the hybrid method to determine the fair value of our common stock as of December 31, 2016:

	Go-Public Scenario	OPM
Key assumptions		
Probability weighting	50%	50%
Years to liquidity	0.2	2.8
Weighted-average cost of equity	25%	
Annual volatility		61%
Risk-free interest rate		1.4%
Discount for lack of marketability (DLOM)	5%	23%

Based on these assumptions, we estimated the fair value of our common stock to be $1.20 as of December 31, 2016.

There are significant judgments and estimates inherent in the determination of these valuations. These judgments and estimates include assumptions regarding our future performance, including the successful enrollment and completion of our clinical studies as well as the determination of the appropriate valuation methods. If we had made different assumptions, our stock-based compensation expense could have been different. The foregoing valuation methodologies are not the only methodologies available and they will not be used to value our common stock once this offering is complete. We cannot make assurances as to any particular valuation for our common stock. Accordingly, we caution you not to place undue reliance on the foregoing valuation methodologies as an indicator of future stock prices.

JOBS Act Accounting Election

We are an "emerging growth company" within the meaning of the JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies that are not emerging growth companies.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Aerpio's cash balance as of December 31, 2016 consisted of cash held in an operating account that earns nominal interest income. Therefore, there was no or minimal interest rate risk.

Recently Issued and Adopted Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of each such standard will have. For the recently issued accounting standards that we believe may have an impact on our financial statements, see the section entitled "Notes to Financial Statements – Note 2 – Summary of Significant Accounting Policies" in the financial information attached hereto as Exhibit 99.1.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information relating to the beneficial ownership of our Common Stock at March 15, 2017, by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of the outstanding shares of our Common Stock;
- each of our directors;
- each of our named executive officers; and
- all current 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 15, 2017 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 such person.

The percentage of shares beneficially owned is computed on the basis of 27,049,555 shares of Common Stock outstanding as of March 15, 2017, giving effect to the Merger, the Conversion, the Cancellation, and the Offering. Shares of Common Stock that a person has the right to acquire within 60 days of March 15, 2017 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 in the table is c/o Aerpio Pharmaceuticals, Inc., 9987 Carver Road, Suite 420, Cincinnati, Ohio 45242.

	Shares Beneficially Owned	
	Number	Percentage
5% Stockholders:		
Novartis Bioventures Ltd. (1)	5,805,550	21.5%
Entities Affiliated with OrbiMed Private Investments III, LP (2)	4,416,446	16.3%
Trusts and Other Entities Affiliated with Muneer A. Satter (3)	3,241,835	12.0%
Venture Investors Early Stage Fund IV (4)	1,576,167	5.8%
Kearny Venture Partners, L.P. and related funds (5)	1,679,730	6.2%
Named Executive Officers and Directors:		
Muneer A. Satter (3)	3,241,835	12.0%
Chau Khuong (2)	4,416,446	16.3%
Steven Prelack	—	*
Paul Weiss (4)	1,576,167	5.8%
Caley Castelein (5)	1,679,730	6.2%
Anupam Dalal (6)	76,204	*
Pravin Dugel (7)	10,464	*
Joseph Gardner (8)	785,111	2.9%
Kevin Peters (9)	322,448	1.2%
Steve Pakola (10)	66,273	*
All directors and executive officers as a group (11 persons)	12,174,678	44.6%

* Indicates beneficial ownership of less than 1% of the total outstanding Common Stock.

(1) Consists of 5,805,550 shares of Common Stock owned directly by Novartis Bioventures, Ltd. The board of directors of Novartis Bioventures Ltd. has sole voting and investment control and power over such shares. None of the members of its board of directors has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares. Novartis Bioventures Ltd. is an indirectly-owned subsidiary of Novartis AG. The address of Novartis Bioventures Ltd. is 131 Front Street, Hamilton, HM12, Bermuda.

(2) Consists of 4,416,446 shares of Common Stock owned directly by OrbiMed Private Investments III, LP, or OPI III. OrbiMed Advisors LLC, or OrbiMed, is the managing member of GP III, which is the general partner of OPI III. Samuel D. Isaly is the managing member of and owner of a controlling interest in OrbiMed. By virtue of such relationships, GP III, OrbiMed and Mr. Isaly may be deemed to have voting and investment power over the shares held by OPI III and as a result may be deemed to have beneficial ownership of such shares. Chau Khuong, an employee of OrbiMed, is a member of our board of directors. Each of GP III, OrbiMed, Mr. Isaly and Mr. Khuong disclaims beneficial ownership of the shares held by OPI III, except to the extent of its or his pecuniary interest therein, if any. The address of OrbiMed Investments and OrbiMed Associates is c/o OrbiMed Advisors LLC, 601 Lexington Avenue, 54th Floor, New York, New York 10022.

(3) Consists of (a) 980,124 shares that are held by the Muneer A. Satter Revocable Trust for which Muneer A. Satter serves as trustee and, in such capacity, has sole voting and dispositive power over all such shares, (b) 1,141,711 shares that are held by various other trusts and other entities for which Muneer A. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive power over all such shares (collectively, the “Satter Investors”), and (c) 1,120,000 shares that are held by Satter Medical Technology Partners, L.P., or SMTP, and Muneer A. Satter has sole voting and dispositive power over all such shares. The address of the Satter Investors and SMTP is c/o Satter Management Co., L.P., 676 North Michigan Avenue, Suite 4000, Chicago, Illinois 60610.

(4) Consists of 1,576,475 shares of Common Stock owned directly by Venture Investors Early Stage Fund IV Limited Partnership, or VIESF. The general partner of VIESF, VIESF IV GP LLC, has sole voting and investment control over the shares owned by VIESF. The members of VIESF IV GP LLC, John Neis, Paul M. Weiss, Scott Button, George Arida, James R. Adox, Loren G. Peterson, and Venture Investors Southeast LLC (of which Roger H. Ganser is the sole member), have sole voting and investment power for VIESF IV GP LLC with respect to its voting power in its capacity as General Partner for the shares held by VIESF. None of the members of VIESF IV GP LLC has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of Venture Investors Early Stage Fund IV Limited Partnership is 505 South Rosa Road, Suite 201, Madison, Wisconsin, 53719.

(5) Consists of (i) 1,571,475 shares of Common Stock owned directly by Kearny Venture Partners, L.P., or KVP, (ii) 32,051 shares of Common Stock owned directly by Kearny Venture Partners Entrepreneurs Fund, L.P., or KVPE, (iii) 7,882 shares of Common Stock owned directly by TWHVP SPV, LLC, or TWHVP, and (iv) 68,322 shares of Common Stock owned directly by Revelation TWHVP, LLC, or Revelation. The general partner of both KVP and KVPE is Kearny Venture Associates, L.L.C., or KVA. KVA has the sole voting and investment control over the shares owned by KVP and KVPE, and the Managing Members of KVA share in the voting and investment control over such shares controlled by KVA. The Managing Members of KVA are Caley Castelein, Richard Spalding and James Shapiro. None of the Managing Members of KVA has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of KVA is One Embarcadero, Suite 3700, San Francisco, CA 94111. The general partner of TWHVP and Revelation is Kearny Venture Associates II, LLC or KVA II. KVA II has the sole voting and investment control over the shares owned by TWHVP and Revelation, and the Managing Members of KVA II have sole voting and investment control over the shares controlled by KVA II. The Managing Members of KVA II are Caley Castelein, Anupam Dalal and Andrew Jensen. None of the Managing Members of KVA II has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of KVA II is One Embarcadero, Suite 3700, San Francisco, CA 94111.

(6) Consists of (i) 7,882 shares of Common Stock owned directly by TWHVP SPV, LLC, or TWHVP, and (ii) 68,322 shares of Common Stock owned directly by Revelation TWHVP, LLC, or Revelation. The general partner of TWHVP and Revelation is Kearny Venture Associates II, LLC or KVA II. KVA II has the sole voting and investment control over the shares owned by TWHVP and Revelation, and the Managing Members of KVA II have sole voting and investment control over the shares controlled by KVA II. The Managing Members of KVA II are Caley Castelein, Anupam Dalal and Andrew Jensen. None of the Managing Members of KVA II has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. The address of KVA II is One Embarcadero, Suite 3700, San Francisco, CA 94111.

(7) Consists of 10,464 shares of Common Stock issuable directly to Pravin Dugel upon the conversion of options within 60 days of March 15, 2017.

(8) Consists of (i) 593,019 shares of Common Stock held directly by Joseph Gardner and (ii) 192,092 shares of Common Stock issuable upon the conversion of options within 60 days of March 15, 2017.

(9) Consists of (i) 320,536 shares of Common Stock held directly by Kevin G. Peters and (ii) 1,912 shares of Common Stock issuable upon the conversion of options within 60 days of March 15, 2017.

(10) Consists of 66,273 shares of Common Stock issuable directly to Steve Pakola upon the conversion of options within 60 days of March 15, 2017.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

At the Effective Time of the Merger, each of Joseph Gardner, Muneer Satter, Paul M. Weiss, Caley Castelein, Anupam Dalal, Steven Prelack, Chau Khuong, and Pravin Dugel was appointed to our board of directors, who constitute our board of directors as of the date of this Report. Our executive management team was also reconstituted immediately following the Effective Time by the appointment of Joseph Gardner as our President and Chief Executive Officer, Steve Pakola as our Chief Medical Officer, Kevin G. Peters as our Chief Scientific Officer and James Murphy as our Interim Chief Financial Officer, and the resignation of Mr. Pappajohn and Mr. Kinley from all of their positions as officers. The following table sets forth the name and positions of each of our directors and executive officers after the Merger.

Directors and Executive Officers

Below are the names of and certain information regarding our current executive officers and directors who were appointed effective as of the closing of the Merger:

Name	Age	Position(s)
Executive Officers		
Joseph Gardner	61	President, Chief Executive Officer and Director
Steve Pakola	48	Chief Medical Officer
Kevin G. Peters	60	Chief Scientific Officer
James Murphy	60	Interim Chief Financial Officer
Non-Employee Directors		
Muneer Satter (3)	56	Director, Chairman
Paul M. Weiss (2)	59	Director
Caley Castelein (1)	46	Director
Anupam Dalal (2)	45	Director
Steven Prelack (1)	59	Director
Chau Khuong (3)	41	Director
Pravin Dugel (1)	53	Director

(1) Member of audit committee.
(2) Member of compensation committee.
(3) Member of the nominating and corporate governance committee.

Executive Officers

Joseph Gardner, Ph.D. has served as Aerpio's Chief Executive Officer and President since December 2011. Dr. Gardner co-founded Akebia Therapeutics in 2007 and has been an Advisor for Akebia since 2013. He served as the Chief Executive Officer, President and as a member of the board of directors of Akebia until September 2013. Prior to that, Dr. Gardner worked in pharmaceutical discovery and development at Procter & Gamble Pharmaceuticals for 23 years, including two years in P&G's health care mergers and acquisition group and 10 years managing discovery licensing. He served as a Director of Chemistry and Intellectual Property Management of the Pharmaceutical Division of Procter & Gamble, and as a Director of Juvenile Diabetes Research Foundation International Inc. Dr. Gardner received his B.S. with honors in Biological Chemistry from Tulane University in 1977, earned his M.S. in Chemistry in 1980 from Utah State University and Ph.D. in 1983 in Medicinal Chemistry from University of Wisconsin. We believe that based on Dr. Gardner's knowledge of our company, industry and business and his service as our Chief Executive Officer and President, Dr. Gardner is qualified to serve on our board of directors.

Steve Pakola, M.D. has served as Aerpio's Chief Medical Officer since October 2015. Since May 2012, Dr. Pakola has served as the Chief Medical Officer of Amakem NV and the Chief Medical Officer, Senior Vice President of Clinical Development and as Director at ThromboGenics NV from 2000 to 2012. Previously, Dr. Pakola served as

an Associate Director of Cardiovascular Clinical Research at Boehringer-Ingelheim Pharmaceuticals, where he served as Global Medical Lead on the Lipid-Lowering Development Programme, as well as USA Medical Lead for the Direct Thrombin Inhibitor Development Programme. From 1996 to 1998, Dr. Pakola served in senior-level clinical development positions at Quintiles Cardiovascular Therapeutics and Organon. Dr. Pakola received his B.A and his MD from the University of Pennsylvania.

Kevin G. Peters, M.D., Ph.D. has served as Aerpio's Chief Scientific Officer since November 2011. Dr. Peters guided the development of AKB-9778 while at Akebia Therapeutics, and continues to be in charge of scientific discovery and development for Aerpio. From 2006 to 2010 he served as Medical Director of Cardiovascular and Metabolic Disease in Global and Discovery Medicine at Bristol Myers Squibb and from 1998 to 2006 he served as head of Therapeutic Angiogenesis research at P&G Pharmaceuticals. He served as a Member of the Scientific Advisory Board of Akebia. Dr. Peters served as an Associate Professor of Medicine and Pharmacology in the Division of Cardiology at Duke University Medical Center. Dr. Peters received his M.D. from the University of Iowa, Ph.D. and B.A. from Augustana College.

James Murphy has served as Aerpio's Chief Financial Officer since March 2014. From 2012 to 2017. Mr. Murphy has provided CFO Services primarily to emerging life sciences companies through both Danforth Advisors and Firmus CFO. From 2004 to 2012, he served as a vice president and chief financial officer for OXiGene. Mr. Murphy has experience in senior financial management positions, including at publicly-held companies in the healthcare, medical device and pharmaceutical industries. He also served as the Vice President of Finance for Whatman Inc. where he supervised the successful integration of Hemasure. He had previously served as Senior Vice President and CFO of Hemasure and as a Corporate Controller of Sepracor. Mr. Murphy received his B.A. in economics and accounting from the College of the Holy Cross and is a Certified Public Accountant.

Board Composition

Non-Employee Directors

Muneer A. Satter has served as a member of Aerpio's board of directors since October 2013. Mr. Satter has been Founder and Managing Partner of Satter Medical Technology Partners, L.P. since 2016, Chairman of Satter Investment Management LLC since 2012, and he also manages the Satter Foundation. Prior to Satter Investment Management, Mr. Satter was a partner at Goldman Sachs where he spent 24 years in various roles, most recently as the Global Head of the Mezzanine Group in the Merchant Banking Division, where he raised and managed over $30 billion of assets. Mr. Satter is co-chairman of the board of directors of Vital Therapies, Inc. and Linq3 Technologies LLC, chairman of the board of directors of Akebia Therapeutics and Restorsea Holdings, LLC and a director of Annexon Biosciences. He also serves as vice chairman of Goldman Sachs Foundation and GS Gives, is a director of World Business Chicago, is on the Board of Advisors of the American Enterprise Institute, is on the Board of Directors of the Navy SEAL Foundation, and is on the Board of Trustees of Northwestern University where he is Chairman of the Finance Committee. Mr. Satter received a B.A. in Economics from Northwestern University, a J.D. from Harvard Law School and an M.B.A. from Harvard Business School. We believe that Mr. Satter is qualified to serve on our board of directors due to his extensive investment experience.

Paul M. Weiss Ph.D. has served on Aerpio's board of directors since November 2011. Since 2006, Dr. Weiss has been Managing Director of Venture Investors. From 2001 to 2006 Dr. Weiss served as the President at Gala Design, which was sold to Cardinal Health (now part of Catalent). From 1997 to 2000, Dr. Weiss served as the VP of Business Development/VP of Technology and Product Licensing at 3-Dimensional Pharmaceuticals (IPO and subsequent sale to Johnson & Johnson). Prior to that, Dr. Weiss worked as Director of Licensing for the pharmaceutical company Wyeth-Ayerst (now part of Pfizer). Currently, he also serves as a director at Euthymics Bioscience, FluGen, Madison Vaccines, and Neurovance. He served as a director of Akebia Therapeutics and Tissue Regeneration Systems. Dr. Weiss holds a Ph.D. in Biochemistry and an M.B.A. from the University of Wisconsin-Madison and a B.Sc. in Biochemistry from Carleton University Institute of Biochemistry. We believe Dr. Weiss is qualified to serve on our board based on his industry experience and service on multiple boards.

Caley Castelein, M.D. has served on Aerpio's board of directors since March 2017. Dr. Castelein is the Founder and has been a Managing Director for Kearny Venture Partners since 2006. Dr. Castelein is also the Founder and has been the Managing Director for KVP Capital since 2013. He is a director for ViewRay, Alivecor, Boreal, Newbridge Pharmaceuticals, WellPartner, and Waterstone Pharmaceuticals. Dr. Castelein received his M.D. from University of California, San Francisco and his A.B. in Biology from Harvard University. We believe that Dr. Castelein is qualified to serve as a director based on his industry experience and service on multiple company boards.

Anupam Dalal, M.D. has served on Aerpio's board of directors since November 2011. Since August 1, 2016, Dr. Dalal has been working at Acuta Capital. From 2006 to 2016, Dr. Dalal was the Managing Director of Kearny Venture Partners. He was a Founder and Managing Member of KVP Capital. He served as a director of Akebia Therapeutics from 2008 to 2016. Dr. Dalal received an M.D. degree from the University of California in San Francisco with honors; an M.B.A., with distinction, from Harvard Business School; and a B.A. degree in Economics, Phi Beta Kappa and highest honors, from the University of California at Berkeley. We believe that Dr. Dalal is qualified to serve as a director based on his industry experience.

Steven Prelack has served on Aerpio's board of directors since March 2017. Mr. Prelack has been the Chief Operating Officer and Senior Vice President of VetCor since 2010. He is a director at Galectin Therapeutics and Pieris, Mr. Prelack holds a CPA and has a B.B.A. in Finance and Accounting from the University of Massachusetts, Amherst. We believe Mr. Prelack is qualified to serve as a director based on his industry experience and service on multiple company boards.

Chau Khuong has served on Aerpio's board of directors since April 2014. Since 2003, Mr. Khuong has been a Private Equity Partner at OrbiMed Advisors. He is currently on the boards of Pieris Pharmaceuticals, Synlogic, Cerapedics, Nabriva Therapeutics AG, and Inspire Medical Systems. Mr. Khuong holds a B.S. degree in Molecular, Cellular and Developmental Biology and a Master's in Public Health from Yale University. We believe that Mr. Khoung is qualified to serve as a director based on his industry experience and service on multiple company boards.

Pravin U. Dugel, M.D. has served as a member of Aerpio's board of directors since March 2017. Since 1994, Dr. Dugel has served as the Managing Partner of Retinal Consultants of Arizona and is a Founding Member of the Spectra Eye Institute. He is a Clinical Professor at the USC Roski Eye Institute, Keck School of Medicine at the University of Southern California. Dr. Dugel serves on the Advisory Board of Acucela, Inc. and as a member of the Scientific Advisory Board at MacuSight, Inc., Alcon Surgical, Genentech and Novartis. He also serves as a Member of the Medical Advisory Board at TrueVision Systems, Inc. and a Member of the Clinical Advisory Board at Opthea Limited. Dr. Dugel received his M.D. from UCLA School of Medicine and his BA from Columbia University. We believe that Dr. Dugel is qualified to serve as a director based on his industry experience and service on multiple boards.

Director Independence

Our securities are not listed on a national securities exchange or on any inter-dealer quotation system which has a requirement that a majority of directors be independent. We evaluate independence by the standards for director independence set forth in the NASDAQ Marketplace Rules. Under such rules, our board of directors has determined that all members of the board of directors, except Joseph Gardner, are independent directors. Joseph Gardner is not an independent director under these rules because he is an executive officer of our company. In making such independence determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances that our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. In considering the independence of the directors listed above, our board of directors considered the association of our directors with the holders of more than 5% of our Common Stock. We expect that the composition and functioning of our board of directors and each of our committees will comply with all applicable requirements of the NASDAQ Stock Market and the rules and regulations of the SEC. There are no family relationships among any of our directors or executive officers.

Staggered Board of Directors

In accordance with the terms of our amended and restated certificate of incorporation to be effective on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders, our board of directors will be divided into three staggered classes of directors and each will be assigned to one of the three classes. At each annual meeting of the stockholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2018 for Class I directors, 2019 for Class II directors and 2020 for Class III directors.

- Our Class I directors will be Paul Weiss and Caley Castelein;
- Our Class II directors will be Steven Prelack, Anupam Dalal and Pravin Dugel; and
- Our Class III directors will be Joseph Gardner, Muneer Satter and Chau Khuong.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the number of directors shall be fixed from time to time by a resolution of a supermajority (66 2/3%) vote of the directors then in office, even if less than a quorum.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent stockholder efforts to effect a change of our management or a change in control.

Role of Board in Risk Oversight Process

We have established a role of the chairman of the board, who will be Muneer Satter and we plan to keep this role separated from the role of Chief Executive Officer. We believe that separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing a chairman of the board to lead the board of directors in its fundamental role of providing advice to and independent oversight of management. Our board of directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our chairman, particularly as the board of directors' oversight responsibilities continue to grow. Our amended and restated by-laws and corporate governance guidelines require that our chairman of the board not be an employee an executive officer of our company, and our board of directors believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including risks relating to our financial condition, development and commercialization activities, operations, strategic direction and intellectual property as more fully discussed in the section entitled "Risk Factors" appearing elsewhere in this Report. Management is responsible for the day-to-day management of risks we face, while our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The role of the board of directors in overseeing the management of our risks is conducted primarily through committees of the board of directors, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. The full board of directors (or the appropriate board committee in the case of risks that are under the purview of a particular committee) discusses with management our major risk exposures, their potential impact on us, and the steps we take to manage them. When a board committee is responsible for evaluating and overseeing the management of a particular risk or risks, the chairman of the relevant committee reports on the discussion to the full board of directors during the committee reports portion of the next board meeting. This enables the board of directors and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Board Committees

As our Common Stock is not presently listed for trading or quotation on a national securities exchange, we are not presently required to have board committees. However, our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which operates pursuant to a charter adopted by our board of directors. The composition and functioning of all of our committees complies with all applicable requirements of the Sarbanes-Oxley Act of 2002 and SEC rules and regulations, and we intend to comply with those of the NASDAQ Stock Market.

Audit Committee

Steven Prelack, Caley Castelein and Pravin Dugel serve on the audit committee, which is chaired by Steven Prelack. Our board of directors has determined that Steven Prelack, Caley Castelein and Pravin Dugel are "independent" for audit committee purposes as that term is defined in the rules of the SEC and the applicable NASDAQ rules, and each has sufficient knowledge in financial and auditing matters to serve on the audit committee. Our board of directors has designated each of Steven Prelack and Pravin Dugel as an "audit committee financial expert," as defined under the applicable rules of the SEC. The audit committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- pre-approving auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing the overall audit plan with our independent registered public accounting firm and members of management responsible for preparing our financial statements;
- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and related disclosures as well as critical accounting policies and practices used by us;
- coordinating the oversight and reviewing the adequacy of our internal control over financial reporting;
- establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns;
- recommending based upon the audit committee's review and discussions with management and our independent registered public accounting firm whether our audited financial statements shall be included in our Annual Report on Form 10-K;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters;
- preparing the audit committee report required by SEC rules to be included in our annual proxy statement;
- reviewing all related person transactions for potential conflict of interest situations and making recommendations to our board of directors regarding all such transactions; and
- reviewing quarterly earnings releases.

Compensation Committee

Anupam Dalal and Paul Weiss serve on the compensation committee, which is chaired by Anupam Dalal. Our board of directors has determined that each member of the compensation committee is "independent" as defined in the applicable NASDAQ rules. The compensation committee's responsibilities include:

- annually reviewing and recommending to the independent directors on the board of directors the corporate goals and objectives relevant to the compensation of our Chief Executive Officer;
- evaluating the performance of our Chief Executive Officer in light of such corporate goals and objectives and based on such evaluation: (i) recommending to the independent directors on the board of directors the cash compensation of our Chief Executive Officer and (ii) reviewing and recommending to the independent directors on the board of directors regarding grants and awards to our Chief Executive Officer under equity-based plans;
- reviewing and approving or recommending to the independent directors on the board of directors the cash compensation of our other executive officers;
- reviewing and establishing our overall management compensation, philosophy and policy;
- overseeing and administering our compensation and similar plans;
- evaluating and assessing potential and current compensation advisors in accordance with the independence standards identified in the applicable NASDAQ rules;
- reviewing and approving our policies and procedures for the grant of equity-based awards;

- reviewing and recommending to the independent directors on the board of directors the compensation of our directors;
- preparing the compensation committee report required by SEC rules, if and when required, to be included in our annual proxy statement; and
- reviewing and approving the retention, termination or compensation of any consulting firm or outside advisor to assist in the evaluation of compensation matters.

Nominating and Corporate Governance Committee

Chau Khuong and Muneer Satter serve on the nominating and corporate governance committee, which is chaired by Chau Khuong. Our board of directors has determined that each member of the nominating and corporate governance committee is "independent" as defined in the applicable NASDAQ rules. The nominating and corporate governance committee's responsibilities include:

- developing and recommending to the board of directors criteria for board and committee membership;
- establishing procedures for identifying and evaluating board of director candidates, including nominees recommended by stockholders;
- reviewing the composition of the board of directors to ensure that it is composed of members containing the appropriate skills and expertise to advise us;
- identifying individuals qualified to become members of the board of directors;
- recommending to the board of directors the persons to be nominated for election as directors and to each of the board's committees;
- developing and recommending to the board of directors a code of business conduct and ethics and a set of corporate governance guidelines; and
- overseeing the evaluation of our board of directors and management.

Our board of directors may from time to time establish other committees.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has at any time during the prior three years 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 serving on our board of directors or compensation committee.

Board Diversity

Our nominating and corporate governance committee is 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 director 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.

Our board of directors evaluates 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. The code of business conduct and ethics is available on our website at www.aerpio.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 certificate of incorporation contains and our amended and restated certificate of incorporation will contain 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 certificate of incorporation and bylaws provide and our amended and restated certificate of incorporation will provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our 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, her or its actions in that capacity regardless of whether we would otherwise be permitted to indemnify him, her or it under Delaware law.

In addition to the indemnification required in our certificate of incorporation (and, upon its effectiveness, our amended and restated certificate of incorporation) and bylaws, we have entered or intend to enter into indemnification agreements with each of our directors, officers and certain other employees. These agreements will provide for the indemnification of our directors, officers and certain other employees for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. We believe that these provisions in our certificate of incorporation, amended and restated certificate of incorporation, bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. This description of the limitation of liability and indemnification provisions of our certificate of incorporation, amended and restated certificate of incorporation, our bylaws and our indemnification agreements is qualified in its entirety by reference to these documents, each of which is attached as an exhibit to this Report.

The limitation of liability and indemnification provisions in our certificate of incorporation, amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or

otherwise, we have 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. There is no pending litigation or proceeding naming any of our directors, officers or employees as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director, officer or employee.

Director Compensation

From our inception to the date of this Report, no compensation was earned by or paid to our directors.

Aerpio became our wholly owned subsidiary upon the closing of the Merger on March 15, 2017. The following summarizes the compensation earned by Aerpio's non-employee directors in Aerpio's fiscal year ending December 31, 2016.

Aerpio did not pay any cash compensation to any of the non-employee members of Aerpio's board of directors, and Aerpio did not pay director fees to our directors who are Aerpio's employees. However, Aerpio reimbursed Aerpio's non-employee directors for travel and other necessary business expenses incurred in the performance of their services for Aerpio.

In addition, in 2012 and 2014, Aerpio granted Dr. Gardner options to purchase Aerpio common stock, which were converted into options to purchase 27,727 and 207,628 shares of our Common Stock respectively, each having an exercise prices of $1.65 and $2.10 per share respectively. In 2014, Aerpio granted Dr. Dugel options to purchase Aerpio common stock, which were converted into options to purchase 16,742 shares of our Common Stock, having an exercise price of $1.40 per share. These options vest and become exercisable in monthly installments, subject to the individual continuing to provide services through each such vesting date. In 2011, 2013, and 2014, Aerpio also granted Dr. Gardner Aerpio restricted common stock which were converted into 32,231, 113,225, 175,473 shares of our restricted Common Stock respectively. These restricted stock vest in monthly installments, subject to the individual continuing to provide services through each such vesting date.

In connection with the Merger, we approved a compensation policy for our non-employee directors, or the Director Compensation Program. Pursuant to the Director Compensation Program, our non-employee directors will receive cash compensation, paid quarterly, as follows:

- Each non-employee director will receive an annual cash retainer in the amount of $35,000 per year.
- Any non-employee Chairman will receive an additional annual cash retainer in the amount of $25,000 per year.
- The chairperson of the audit committee will receive additional annual cash compensation in the amount of $15,000 per year for such chairperson's service on the audit committee. Each non-chairperson member of the audit committee will receive additional annual cash compensation in the amount of $7,500 per year for such member's service on the audit committee.
- The chairperson of the compensation committee will receive additional annual cash compensation in the amount of $10,000 per year for such chairperson's service on the compensation committee. Each non-chairperson member of the compensation committee will receive additional annual cash compensation in the amount of $5,000 per year for such member's service on the compensation committee.
- The chairperson of the nominating and corporate governance committee will receive additional annual cash compensation in the amount of $7,000 per year for such chairperson's service on the nominating and corporate governance committee. Each non-chairperson member of the nominating and corporate governance committee will receive additional annual cash compensation in the amount of $3,500 per year for such member's service on the nominating and corporate governance committee.

Under the Director Compensation Program, upon the director's initial appointment or election to our board of directors, each non-employee director will receive an option (the Initial Grant) to purchase that number of shares of our Common Stock such that the award has an aggregate grant date fair value (as defined below) equal to $181,400, rounded down to the nearest whole share (subject to adjustment as provided in the applicable equity plan). In

addition, each non-employee director who has been serving as a director for the prior three months and will continue to serve as a director immediately following each annual stockholder meeting, will receive, on the date of such annual stockholder meeting, an option (the Annual Grant) to purchase that number of shares of our Common Stock such that the award has an aggregate grant date fair value equal to $90,700, rounded down to the nearest whole share (subject to adjustment as provided in the applicable equity plan). For purposes of the Initial Grant and the Annual Grant, “grant date fair value” will mean the fair value of an award as of the date of grant as determined in accordance with ASC Topic 718, “Share-Based Payment”, using the Black-Scholes pricing model and the valuation assumptions used by the company in accounting for options as of such date of grant. The Initial Grant will vest as to one-third of the shares subject to Initial Grant on each yearly anniversary of the applicable grant date, subject to continued service through each applicable vesting date, and the Annual Grant will fully vest on the earlier of the first anniversary of the applicable grant date or the date of the next annual stockholder meeting, subject to continued service through such vesting date.

2016 Director Compensation Table

The following table sets forth information for the year ended December 31, 2016 regarding the compensation awarded to, earned by or paid to Aerpio’s non-employee directors as of such date as if Aerpio been a reporting company on December 31, 2016:

Name	Fees Earned or Paid in Cash($)	Option Awards ($)	Total($)
Muneer Satter	0	0	0
Paul M. Weiss	0	0	0
Anupam Dalal	0	0	0
Chau Khuong	0	0	0

Involvement in Certain Legal Proceedings

None of our directors or executive officers has been involved in any of the following events during the past 10 years:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; or
- being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

EXECUTIVE COMPENSATION

From our inception to the date of this Report, no compensation was earned by or paid to our executive officers. Aerpio became our wholly owned subsidiary upon the closing of the Merger on March 15, 2017. The following summarizes the compensation earned by Aerpio's executive officers named in the "Summary Compensation Table" below (referred to herein as our "named executive officers") in Aerpio's fiscal year ending December 31, 2016.

This section also discusses the material elements of Aerpio's executive compensation policies and decisions and important factors relevant to an analysis of these policies and decisions. It provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our named executive officers and is intended to place in perspective the information presented in the following tables and the corresponding narrative. Aerpio became our wholly-owned subsidiary upon the closing of the Merger on March 15, 2017. The following section is historical and has not been adjusted to give effect to the Merger or the share conversion ratio pursuant to the Merger Agreement.

Overview

Historically, Aerpio's executive compensation program has reflected its growth and corporate goals. To date, the compensation of the named executive officers has consisted of a combination of base salary, annual cash bonus, and long-term equity incentive compensation in the form of restricted stock and stock options, and other employee benefits generally available to Aerpio's employees. The named executive officers are also entitled to certain compensation and benefits upon certain terminations of employment pursuant to their executive employment agreements as described below.

The named executive officers for the year ended December 31, 2016 were as follows:

- Joseph H. Gardner, our President and Chief Executive Officer;
- Stephen Pakola M.D., our Chief Medical Officer;
- Kevin G. Peters M.D., our Senior Vice President and Chief Scientific Officer.

Elements of Executive Compensation

Base Salaries. Base salaries for the named executive officers are determined annually by the compensation committee, subject to review and approval by the board of directors, based on the scope of each officer's responsibilities along with his respective experience and contributions during the prior year. When reviewing base salaries, the compensation committee takes factors into account such as each officer's experience and individual performance, our performance as a whole, data from surveys of compensation paid by comparable companies, and general industry conditions, but does not assign any specific weighting to any factor.

Annual Cash Bonuses. Prior to the Merger, all of the named executive officers participated in an annual cash program sponsored by Aerpio and, following the Merger, all of the named executive officers will participate in the Aerpio Pharmaceuticals, Inc. annual cash bonus program, which promotes and rewards the executives for the achievement of key strategic and business goals. In anticipation of possible fund raising activities to be completed in 2017, no bonuses were declared for 2016. The 2015 bonus plan period covers the 12-month period beginning on January 1, 2015 and ending on December 31, 2015. For the 2016 bonus plan period, the target annual bonus as a percentage of base salary, as determined based on the salary earned throughout the bonus plan period, for each of the named executive officers was up to 20%. At the beginning of the 2015 bonus plan period, the compensation committee established corporate performance goals, each having a designated weighting, which related to key development, strategic and financial goals of or company. At the end of the 2015 bonus plan period, the compensation committee met and evaluated the performance of Aerpio against the specified performance goals. Based on its evaluation, the compensation committee recommended, and the board of directors approved, that we achieved 75% of our corporate goals. Consequently, the board of directors approved payment of cash bonuses for the 2015 bonus plan period of: $52,500 for Dr. Gardner, $48,000 for Dr. Peters, which in each case represented 75% of the named executive officer's target bonus, and $12,364 for Dr. Pakola, who joined us in October 2015.

Equity Awards. The named executive officers have historically participated in Aerpio's 2011 Plan. During fiscal year 2016, Dr. Gardner, Dr. Peters and Dr. Pakola did not receive option awards. In December 2015, Dr. Pakola received a grant of 390,724 stock options in connection with the commencement of his employment in 2015.

Other Benefits. Our named executive officers are eligible for additional benefits, such as participation in our 401(k) plan, our employee stock purchase plan and basic health benefits that are generally available to all of our employees.

Summary Compensation Table

The following table sets forth information regarding compensation awarded to, earned by or paid to each of the named executive officers for the periods ending December 31, 2016 and 2015.

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Compensation ($)(1)	Option Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Joseph Gardner	2016	350,000	—	—	1,069	351,069
Chief Executive Officer and President	2015	350,000	52,500	—	1,069	403,569
Kevin G. Peters	2016	320,000	—	—	1,069	321,069
Senior Vice President and Chief Scientific Officer	2015	320,000	48,000	—	697	368,697
Stephen Pakola	2016	340,000	—	—	243	340,243
Chief Medical Officer	2015	82,424 (4)	12,364	204,739	41	299,568

(1) No bonuses were declared for 2016. Amounts for 2015 represent cash bonuses earned for the 12-month bonus plan period from January 1, to December 31, 2015.

(2) The amounts reported in the Option Awards column granted to the named executive officers represent the fair value of the stock options as of the grant date as computed in accordance with FASB ASC Topic 718, not including any estimates of forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 8 to our financial statements for the year ended December 31, 2016 and 2015. Note that the amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by the named executive officers from the options. The amounts reported in the Stock Awards column granted to the named executive officers represent the fair value of the stock awards as determined by our board of directors, with input from management and third party valuation experts.

(3) Amounts represent the dollar value of life insurance premiums paid by us on behalf of the named executive officers.

(4) Dr. Pakola joined Aerpio in October 2015, with an annual base salary of $340,000. The amount in the table reflects his partial year of service for 2015.

Outstanding Equity Awards at Fiscal Year-End 2016

The following table sets forth information concerning outstanding equity awards for each of the named executive officers as of December 31, 2016 and the numbers below have not been adjusted to give effect to the Merger or the share conversion ratio pursuant to the Merger Agreement:

		Option Awards				Stock Awards	
Name and Principal Position	Vesting Commencement Date(1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Securities That Have Not Vested (#)	Market Value of Securities That Have Not Vested ($)
Joseph Gardner	3/22/2012	64,706	—	$ 0.71	3/21/2022	—	$ —
Chief Executive Officer and	2/18/2014	353,305	131,228	$ 0.90	2/17/2024	—	$ —
President	10/23/2014					179,154	$168,405
Kevin G. Peters	3/22/2012	4,464	—	$ 0.71	3/21/2022	—	—
Senior Vice President and	2/18/2014					49,314	$ 17,260
Chief Scientific Officer	10/23/2014					97,058	$ 91,235
Stephen Pakola							
Chief Medical Officer	12/29/2015	113,961	276,763(2)	$ 0.77	12/27/2025	—	—

(1) Except as otherwise noted, options vest and become exercisable in 48 equal installments on each monthly anniversary of the vesting commencement date, such that all awards 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) Vests 25% on the first anniversary of the vesting commencement date, then vests in 36 equal monthly installments thereafter, such that the option is 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.

Employment Agreements

In connection with the Merger, we have entered into new employment agreements with our named executive officers. Each employment agreement provides for “at will” employment, meaning that either we or the named executive officer may terminate the employment relationship at any time without cause.

Executive Employment Agreement with Joseph H. Gardner. Dr. Gardner’s initial base salary under the new employment agreement will be $385,000, which is subject to annual review and adjustment, and he will be eligible to earn an annual cash incentive bonus with a target amount equal to 25% of his base salary. Dr. Gardner is also eligible to participate in the employee benefit plans available to our employees, subject to the terms of those plans.

Dr. Gardner’s new employment agreement provides that, in the event that his employment is terminated by us without “cause” (as defined in his new employment agreement) or Dr. Gardner resigns for “good reason” (as defined his new employment agreement) subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) an amount equal to nine months of his base salary, (ii) if Dr. Gardner is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of nine months following termination or the end of Dr. Gardner’s COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to Dr. Gardner had he remained employed with us, and (iii) acceleration of all time-based equity awards held by Dr. Gardner in which Dr. Gardner would have vested if he had remained employed for an additional six months. All amounts payable to Dr. Gardner shall be made in substantially equal installments over nine months following his termination.

In lieu of the payments and benefits described in the preceding paragraph, in the event that Dr. Gardner's employment is terminated by us without cause or Dr. Gardner resigns for good reason, in either case within 12 months following a "change in control" (as defined in his employment agreement), subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) a lump sum cash payment equal to 0.75 times the sum of (x) Dr. Gardner's then-current base salary (or his base salary in effect immediately prior to the change in control, if higher) and (y) his target annual incentive compensation, (ii) if Dr. Gardner is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of nine months following termination or the end of Dr. Gardner's COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to him had he remained employed with us and (iii) full acceleration of all time-based equity awards held by Dr. Gardner.

In addition, Dr. Gardner remains bound by certain restrictive covenants, including non-competition and non-solicitation provisions, which have been incorporated by reference into the new employment agreement from his prior employment agreement. These restrictive covenants apply during the term of Dr. Gardner's employment and for one year thereafter.

Executive Employment Agreement with Kevin G. Peters. Dr. Peters' initial base salary under the new employment agreement will be $329,600, which is subject to annual review and adjustment, and he will be eligible to earn an annual cash incentive bonus with a target amount equal to 20% of his base salary. Dr. Peters is also eligible to participate in the employee benefit plans available to our employees, subject to the terms of those plans.

Dr. Peters' new employment agreement provides that, in the event that his employment is terminated by us without "cause" (as defined in his new employment agreement) or Dr. Peters resigns for "good reason" (as defined his new employment agreement) subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) an amount equal to six months of his base salary, (ii) if Dr. Peters is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of six months following termination or the end of Dr. Peters' COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to Dr. Peters had he remained employed with us, and (iii) acceleration of all time-based equity awards held by Dr. Peters in which Dr. Peters would have vested if he had remained employed for an additional six months. All amounts payable to Dr. Peters shall be made in substantially equal installments over six months following his termination.

In lieu of the payments and benefits described in the preceding paragraph, in the event that Dr. Peters' employment is terminated by us without cause or Dr. Peters resigns for good reason, in either case within 12 months following a "change in control" (as defined in his employment agreement), subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) a lump sum cash payment equal to 0.5 times the sum of (x) Dr. Peters' then-current base salary (or his base salary in effect immediately prior to the change in control, if higher) and (y) his target annual incentive compensation, (ii) if Dr. Peters is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of six months following termination or the end of Dr. Peters' COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to him had he remained employed with us and (iii) full acceleration of all time-based equity awards held by Dr. Peters.

In addition, Dr. Peters remains bound by certain restrictive covenants, including non-competition and non-solicitation provisions, which have been incorporated by reference into the new employment agreement from his prior employment agreement. These restrictive covenants apply during the term of Dr. Peters' employment and for one year thereafter.

Executive Employment Agreement to Stephen Pakola, M.D. Dr. Pakola's initial base salary under the new employment agreement will be $350,200, which is subject to annual review and adjustment, and he will be eligible to earn an annual cash incentive bonus with a target amount equal to 20% of his base salary. Dr. Pakola is also eligible to participate in the employee benefit plans available to our employees, subject to the terms of those plans.

Dr. Pakola's new employment agreement provides that, in the event that his employment is terminated by us without "cause" (as defined in his new employment agreement) or Dr. Pakola resigns for "good reason" (as defined in his new employment agreement) subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) an amount equal to six months of his base salary, (ii) if Dr. Pakola is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of six months following termination or the end of Dr. Pakola's COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to Dr. Pakola had he remained employed with us, and (iii) acceleration of all time-based equity awards held by Dr. Pakola in which Dr. Pakola would have vested if he had remained employed for an additional six months. All amounts payable to Dr. Pakola shall be made in substantially equal installments over six months following his termination.

In lieu of the payments and benefits described in the preceding paragraph, in the event that Dr. Pakola's employment is terminated by us without cause or Dr. Pakola resigns for good reason, in either case within 12 months following a "change in control" (as defined in his employment agreement), subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, he will be entitled to receive (i) a lump sum cash payment equal to 0.5 times the sum of (x) Dr. Pakola's then-current base salary (or his base salary in effect immediately prior to the change in control, if higher) and (y) his target annual incentive compensation, (ii) if Dr. Pakola is participating in our group health plan immediately prior to his termination, a monthly cash payment until the earlier of six months following termination or the end of Dr. Pakola's COBRA health continuation period in an amount equal to the amount that we would have made to provide health insurance to him had he remained employed with us and (iii) full acceleration of all time-based equity awards held by Dr. Pakola.

In addition, Dr. Pakola has also entered into an employee confidentiality and assignment agreement with us that also contains certain restrictive covenants, including non-competition and non-solicitation provisions that apply during the term of Dr. Pakola's employment and for one year thereafter.

Employee Benefit Plans

2017 Stock Option and Incentive Plan

On March 3, 2017, our board of directors adopted, and on March 10, 2017 our stockholders approved, our 2017 Stock Option and Incentive Plan, or the 2017 Plan, which will be effective on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. The 2017 Plan replaces our 2011 Equity Incentive Plan, or the 2011 Plan, as our board of directors has determined not to make additional awards under the 2011 Plan. Our 2017 Plan provides flexibility to our compensation committee to use various equity-based incentive awards as compensation tools to motivate our workforce.

We have initially reserved 4,600,000 shares of our Common Stock, less the number of shares subject to issued and outstanding awards under the 2011 Plan that were assumed in the Merger, or the Initial Limit, for the issuance of awards under the 2017 Plan. The 2017 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2018, by 4% of the outstanding number of shares of our Common Stock on the immediately preceding December 31, or such lesser number of shares as determined by our board of directors, or the Annual Increase. This number is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

The shares we issue under the 2017 Plan will be authorized but unissued shares or shares that we reacquire. The shares of Common Stock underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without any issuance of stock, expire or are otherwise terminated (other than by exercise) under the 2017 Plan will be added back to the shares of Common Stock available for issuance under the 2017 Plan.

Stock options and stock appreciation rights with respect to no more than 4,600,000 shares of stock may be granted to any one individual in any one calendar year. The maximum aggregate number of shares that may be issued in the form of incentive stock options shall not exceed the Initial Limit cumulatively increased on January 1, 2018 and on each January 1 thereafter by the lesser of the Annual Increase for such year or 4,600,000 shares of Common Stock.

The 2017 Plan will be administered by our compensation committee. Our compensation committee has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2017 Plan. Persons eligible to participate in the 2017 Plan will be those full or part-time officers, employees, non-employee directors and other key persons (including consultants) as selected from time to time by our compensation and committee in its discretion.

The 2017 Plan permits the granting of both options to purchase Common Stock intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code, or the Code, and options that do not so qualify. The option exercise price of each option will be determined by our compensation committee but may not be less than 100% of the fair market value of our Common Stock on the date of grant. The term of each option will be fixed by our compensation committee and may not exceed 10 years from the date of grant. Our compensation committee will determine at what time or times each option may be exercised.

Our compensation committee may award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to shares of Common Stock, or cash, equal to the value of the appreciation in our stock price over the exercise price. The exercise price of each stock appreciation right may not be less than 100% of the fair market value of the Common Stock on the date of grant.

Our compensation committee may award restricted shares of Common Stock and restricted stock units to participants subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period. Our compensation committee may also grant shares of Common Stock that are free from any restrictions under the 2017 Plan. Unrestricted stock may be granted to participants in recognition of past services or other valid consideration and may be issued in lieu of cash compensation due to such participant. Our compensation committee may grant cash bonuses under the 2017 Plan to participants, subject to the achievement of certain performance goals.

Our compensation committee may grant awards of restricted stock, restricted stock units or stock- or cash-based awards under the 2017 Plan that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code. Those awards would only vest or become payable upon the attainment of performance goals that are established by our compensation committee and related to one or more performance criteria. The performance criteria that would be used with respect to any such awards include: total shareholder return, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of our Common Stock, economic value-added, funds from operations or similar measure, sales or revenue, development, clinical or regulatory milestones, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. From and after the time that we become subject to Section 162(m) of the Code, the maximum award that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code that may be made to any one employee during any one calendar year is 4,600,000 shares of Common Stock with respect to a stock-based award and $2,000,000 with respect to a cash-based award.

The 2017 Plan provides that in the case of, and subject to, the consummation of a “sale event” (as defined in the 2017 Plan), all outstanding awards may be assumed, substituted or otherwise continued by the successor entity. To the extent that the successor entity does not assume, substitute or otherwise continue such awards, then (i) all stock options and stock appreciation rights will automatically become fully exercisable and the restrictions and conditions on all other awards with time-based conditions will automatically be deemed waived, and awards with conditions and restrictions relating to the attainment of performance goals may become vested and non-forfeitable in connection with a sale event in the compensation committee’s discretion and (ii) upon the effectiveness of the sale event, the 2017 Plan and all awards will automatically terminate. In the event of such termination, (i) individuals holding options and stock appreciation rights will be permitted to exercise such options and stock appreciation rights (to the extent exercisable) prior to the sale event; or (ii) we may make or provide for a cash payment to participants holding options and stock appreciation rights equal to the difference between the per share cash consideration payable to stockholders in the sale event and the exercise price of the options or stock appreciation rights (to the extent then exercisable).

Our board of directors may amend or discontinue the 2017 Plan and our compensation committee may amend the exercise price of options and amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to the 2017 Plan require the approval of our stockholders. No awards may be granted under the 2017 Plan after the date that is 10 years from the date of stockholder approval. No awards under the 2017 Plan have been made prior to the date of this Form 8-K.

2011 Equity Incentive Plan

The 2011 Equity Incentive Plan, or the 2011 Plan, was approved by Aerpio's board of directors and Aerpio's stockholders on December 22, 2011, and was most recently amended in April 2014, and was assumed by us upon the Merger. Aerpio had reserved an aggregate of 5,860,874 shares of Aerpio's common stock for the issuance of options and other equity awards under the 2011 Plan. As of March 3, 2017, after we assumed the 2011 Plan, options to purchase 927,592 shares of our Common Stock were outstanding under the 2011 Plan at a weighted average exercise price of $1.69 per share and no shares remained available for future grant under the 2011 Plan. Effective upon the closing of the Merger, our board of directors has determined not to grant any further awards under our 2011 Plan, but all outstanding awards under the 2011 Plan will continue to be governed by their existing terms. The shares to be issued under options we assumed that were issued under the 2011 Plan will be authorized but unissued shares or shares we reacquire.

The 2011 Plan is administered by our board of directors. The board of directors or a committee appointed by the board has the authority to select the individuals to whom awards will be granted, to make any combination of awards to participants and to determine the specific terms and conditions of each award.

The option exercise price of each option issued under the 2011 Plan was determined by our board of directors but was not less than 100% of the fair market value of Aerpio's common stock on the date of grant. In the case of an incentive stock option granted to a participant who, at the time of grant of such option, owned stock representing more than 10% of the voting power of all classes of our stock, then the exercise price was not less than 110% of the fair market value of the Aerpio's common stock on the date of grant. The term of each option was fixed by the board of directors and did not exceed 10 years from the date of grant.

The 2011 Plan provides that upon the occurrence of a "corporate transaction" as defined in the 2011 Plan, awards may be assumed, substituted for new awards of a successor entity, or otherwise terminated at the effective time of such corporate transaction. In the case of the termination of all outstanding options, such options may be exercised to the extent then exercisable within a period of time prior to the consummation of the corporate transaction. In the case of restricted stock or stock bonuses, the unvested portion of such awards will terminate in exchange for a cash payment in amount equal to the product of the per share cash consideration and the number of shares subject to each such award. Our board of directors may also provide alternative consideration for any outstanding awards that it determines to be equitable in the circumstances, including cash.

Our board of directors may amend or terminate the 2011 Plan at any time, subject to stockholder approval where such approval is required by applicable law, provided that no such action may materially and adversely affect any of the rights of a participant under any awards previously granted without his or her written consent. The board of directors has determined not to make any further grants under the 2011 Plan as of the Effective Time of the Merger.

Employee Stock Purchase Plan

On March 3, 2017 our board of directors adopted, and on March 10, 2017 our stockholders approved, our 2017 Employee Stock Purchase Plan, or the ESPP, which will be effective upon the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders. The ESPP authorizes the issuance of up to a total of 300,000 shares of common stock to participating employees. The ESPP provides that the number of shares

reserved and available for issuance under the ESPP shall be cumulatively increased each January 1, beginning on January 1, 2018, by the lesser of (i) 1% of the outstanding number of shares of our common stock on the immediately preceding December 31 or (ii) such lesser number of shares as determined by our board of directors. The number of shares reserved and available for issuance under the ESPP is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

All employees who we have employed for at least 30 days and whose customary employment is for more than 20 hours a week are eligible to participate in the ESPP. Any employee who owns five percent or more of the voting power or value of our shares of common stock is not eligible to purchase shares under the ESPP.

We may make one or more offerings each year to our employees to purchase shares under the ESPP. Each eligible employee may elect to participate in any offering by submitting an enrollment form at least 15 business days before the relevant offering date.

Each employee who is a participant in the ESPP may purchase shares by authorizing payroll deductions of up to one percent of his or her base compensation during an offering period. Unless the participating employee has previously withdrawn from the offering, his or her accumulated payroll deductions will be used to purchase shares of common stock on the last business day of the offering period at a price equal to 85 percent of the fair market value of the common stock on the first business day or the last business day of the offering period, whichever is lower, subject to the limits set forth in the ESPP with respect to the number of shares of common stock that may be purchased by any one employee during each offering period. Under applicable tax rules, an employee may purchase no more than $25,000 worth of common stock, valued at the start of the purchase period, under the ESPP in any calendar year.

The accumulated payroll deductions of any employee who is not a participant on the last day of an offering period will be refunded. An employee's rights under the ESPP terminate upon voluntary withdrawal from the plan or when the employee ceases employment with us for any reason.

The ESPP may be terminated or amended by our board of directors at any time. An amendment that increases the number of shares of common stock that are authorized under the ESPP and certain other amendments require the approval of our stockholders.

Senior Executive Cash Incentive Bonus Plan

On March 15, 2017 our board of directors adopted the Aerpio Pharmaceuticals, Inc. Senior Executive Cash Incentive Bonus Plan, or the Bonus Plan. The Bonus Plan provides for cash bonus payments based upon the attainment of performance targets established by our compensation committee. The payment targets will be related to financial and operational measures or objectives with respect to our company, or corporate performance goals, as well as individual performance objectives.

Our compensation committee may select corporate performance goals from among the following: cash flow (including, but not limited to, operating cash flow and free cash flow); revenue; corporate revenue; earnings before interest, taxes, depreciation and amortization; net income (loss) (either before or after interest, taxes, depreciation and/or amortization); changes in the market price of our Common Stock; economic value-added; development, clinical, regulatory or commercial milestones; acquisitions or strategic transactions; operating income (loss); return on capital, assets, equity, or investment; stockholder returns; return on sales; gross or net profit levels; productivity; expense efficiency; margins; operating efficiency; customer satisfaction; working capital; earnings (loss) per share of our Common Stock; bookings, new bookings or renewals; sales or market shares; number of customers, number of new customers or customer references; operating income and/or net annual recurring revenue, any of which may be measured in absolute terms, as compared to any incremental increase, in terms of growth, as compared to results of a peer group, against the market as a whole or applicable market, indices and/or on a pre-tax or post-tax basis.

Each executive officer who is selected to participate in the Bonus Plan will have a target bonus opportunity set for each performance period. The bonus formulas will be adopted in each performance period by the governance committee and communicated to each executive. The corporate performance goals will be measured at the end of

each performance period after our financial reports have been published or such other appropriate time as the compensation committee determines. If the corporate performance goals and individual performance objectives are met, payments will be made as soon as practicable following the end of each performance period. Subject to the rights contained in any agreement between the executive officer and us, an executive officer must be employed by us on the bonus payment date to be eligible to receive a bonus payment. The Bonus Plan also permits the compensation committee to approve additional bonuses to executive officers in its sole discretion.

Retirement Plan

We offer a 401(k) plan to eligible employees, including our named executive officers. In accordance with this plan, all eligible employees may contribute a percentage of compensation up to a maximum of the statutory limits per year. Company contributions are discretionary. We made no contributions during the year ended December 31, 2016. We intend for the 401(k) plan to qualify, depending on the employee's election, under Section 401(a) of the Code, so that contributions by employees, and income earned on those contributions, are not taxable to employees until withdrawn from the 401(k) plan.

Indemnification of Officers and Directors

We have agreed to indemnify our directors and executive officers in certain circumstances. See *"Directors, Executive Officers, Promoters and Control Persons—Limitation on Liability and Indemnification Matters."*

Compensation Consultant As a part of determining compensation for our named executive officers, the compensation committee has engaged Radford, a business unit of Aon plc, as an independent compensation consultant. Radford provides analysis and recommendations to the compensation committee regarding:

- trends and emerging topics with respect to executive compensation;
- peer group selection for executive compensation benchmarking;
- compensation practices of our peer group;
- compensation programs for executives and all of our employees; and
- stock utilization and related metrics.

When requested, Radford consultants attend meetings of the compensation committee, including executive sessions in which executive compensation issues are discussed. Radford reports to the compensation committee and not to management, although Radford meets with management for purposes of gathering information for its analyses and recommendations.

In determining to engage Radford, the compensation committee considered the independence of Radford taking into consideration relevant factors, including the absence of other services provided to us by Radford, the amount of fees we paid to Radford as a percentage of Radford's total revenue, the policies and procedures of Radford that are designed to prevent conflicts of interest, any business or personal relationship of the individual compensation advisors employed by Radford with any of our executive officers, any business or personal relationship the individual compensation advisors employed by Radford have with any member of the compensation committee, and any shares of our stock owned by Radford or the individual compensation advisors employed by Radford. The compensation committee has determined, based on its analysis in light of all relevant factors, including the factors listed above, that the work of Radford and the individual compensation advisors employed by Radford as compensation consultants to the compensation committee has not created any conflicts of interest, and that Radford is independent pursuant to the independence standards set forth in the NASDAQ Stock Market listing standards promulgated pursuant to Section 10C of the Exchange Act.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SEC rules require us to disclose any transaction or currently proposed transaction in which we were a participant and in which any related person has or will have a direct or indirect material interest involving the lesser of $120,000 or 1% of the average of our total assets as of the end of last two completed fiscal years. A related person is any executive officer, director, nominee for director, or holder of 5% or more of our Common Stock, or an immediate family member of any of those persons. The descriptions set forth above under the captions “The Merger and Related Transactions—Merger Agreement,” “—the Offering,” “—Registration Rights,” “—2017 Stock Option and Incentive Plan,” “—2011 Equity Incentive Plan,” “—Lock-up Agreements and Other Restrictions” and “Executive Compensation—Employment and Related Agreements” and “—Director Compensation” and below under “Description of Securities—Options” are incorporated herein by reference.

The following is a description of transactions since January 1, 2014 to which we have been a party, in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or holders of more than 5% of Aerpio’s pre-Merger capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest, other than compensation and other arrangements that are described in the section titled “Executive Compensation.” The following description is historical and has not been adjusted to give effect to the Merger or the share conversion ratio pursuant to the Merger Agreement.

Sales and Purchases of Securities

Sales of Series A2 Preferred Stock

In April 2014, Aerpio issued an aggregate of 10,476,182 shares of Series A2 convertible preferred stock at a price per share of $2.10 for aggregate gross consideration of approximately $22 million to 37 accredited investors. The table below sets forth the number of shares of Series A2 convertible preferred stock sold to our directors, executive officers or holders of more than 5% of Aerpio’s pre-Merger capital stock, or an affiliate or immediate family member thereof. Each outstanding 2.3336572 shares of Aerpio’s Series A2 convertible preferred stock was converted into one share of our Common Stock in connection with the Merger.

Purchasers	Shares of Series A2 Preferred Stock	Aggregate Purchase Price
Joseph Gardner	44,043	$ 92,491.26
Entities affiliated with Kearny Venture (1)	349,749	$ 734,474.87
Novartis Bioventures Ltd.	1,585,609	$ 3,329,780.14
Trusts and Other Entities affiliated with Muneer A. Satter (2)	519,973	$ 1,091,943.34
Triathlon Medical Ventures	65,264	$ 137,055.70
Venture Investors Early Stage Fund IV	139,598	$ 293,156.50
OrbiMed Private Investments V, L.P.	7,142,857	$14,999,999.70

(1) Consists of 342,757 shares held by Kearny Venture Partners, L.P. and 6,992 shares held by Kearny Venture Partners Entrepreneurs Fund, L.P.

(2) Consists of (a) 285,073 shares of Series A2 convertible preferred stock that are held by the Muneer A. Satter Revocable Trust for which Muneer A. Satter serves as trustee and, in such capacity, has sole voting and dispositive power over all such shares and (b) 234,900 shares Series A2 convertible preferred stock that are held by various other trusts and other entities for which Muneer A. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive power over all such shares.

Convertible Promissory Note Purchase Agreement

In March, April and July 2016, Aerpio issued convertible promissory notes for an aggregate principal amount of approximately $9 million to 54 accredited investors. All outstanding principal and interest under these Spring 2016 Notes converted into shares of Aerpio common stock immediately prior to the Merger, which were then converted into shares of our Common Stock on a 2.3336572:1 basis at the effective time of the Merger. The table below sets forth the principal amount of the convertible promissory notes sold to our directors, executive officers or holders of more than 5% of Aerpio's pre-Merger capital stock, or an affiliate or immediate family member thereof.

Purchasers	Aggregate Principal Price
Joseph Gardner	$ 89,664.26
Entities affiliated with Kearny Venture (1)	$ 680,312.16
Entities affiliated with Novartis Bioventures, Ltd. (2)	$2,788,558.02
Trusts and Other Entities affiliated with Muneer A. Satter (3)	$1,127,983.60
Triathlon Medical Ventures	$ 439,298.86
Venture Investors Early Stage Fund IV	$ 693,140.72
OrbiMed Private Investments V, L.P.	$1,942,191.32

(1) Consists of an aggregate principal price of (a) $627,011.90 by Kearny Venture Partners, L.P., (b) $12,788.60 by Kearny Venture Partners Entrepreneurs Fund, L.P., (c) $36,320.76 by Revelation TWHVP, LLC, and (d) $4,190.90 by TWHVP SPV, LLC.

(2) Consists of an aggregate principal price of $2,788,558.02 held by Novartis International Pharmaceutical Investment Ltd., an entity affiliated with Novartis Bioventures Ltd.

(3) Consists of an aggregate principal price of (a) $521,039.22 by the Muneer A. Satter Revocable Trust for which Muneer A. Satter serves as trustee and, in such capacity, has sole voting and dispositive power over all such amount and (b) $606,944.38 by various other trusts and other entities for which Muneer A. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive power over all such amount.

Convertible Promissory Note Purchase Agreement

In October 2016 and January 2017, Aerpio issued convertible promissory notes for an aggregate principal amount of approximately $3.8 million to 53 accredited investors. All outstanding principal and interest under these Winter 2016 Notes converted into shares of Aerpio common stock immediately prior to the Merger, which were then converted into shares of our Common Stock on a 2.3336572:1 basis at the effective time of the Merger. The table below sets forth the principal amount of the convertible promissory notes sold to our directors, executive officers or holders of more than 5% of Aerpio's pre-Merger capital stock, or an affiliate or immediate family member thereof.

Purchasers	Aggregate Principal Price
Joseph Gardner	$ 37,553.38
Entities affiliated with Kearny Venture (1)	$ 284,929.84
Entities affiliated with Novartis Bioventures Ltd. (2)	$1,167,910.04
Trusts and Other Entities affiliated with Muneer A. Satter (3)	$ 472,424.59
Triathlon Medical Ventures	$ 183,988.12
Venture Investors Early Stage Fund IV	$ 290,302.73
OrbiMed Private Investments V, L.P.	$ 813,432.86

(1) Consists of an aggregate principal price of (a) $262,606.51 by Kearny Venture Partners, L.P. (b) $5,356.15 by Kearny Venture Partners Entrepreneurs Fund, L.P., (c) $15,211.94 by Revelation TWHVP, LLC, and (d) $1,755.24 by TWHVP SPV, LLC.

(2) Consists of an aggregate principal price of $1,167,910.04 held by Novartis International Pharmaceutical Investment Ltd., an entity affiliated with Novartis Bioventures Ltd.

(3) Consists of an aggregate principal price of (a) $218,222.80 by the Muneer A. Satter Revocable Trust for which Muneer A. Satter serves as trustee and, in such capacity, has sole voting and dispositive power over all such amount and (b) $254,201.79 by various other trusts and other entities for which Muneer A. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive power over all such amount.

Participation in the Offering

Certain of our existing institutional investors, including investors affiliated with certain of our directors, have purchased an aggregate of 3,512,955 shares of our Common Stock in the Offering, for an aggregate purchase price of $17,564,787.73. Such purchases were made on the same terms as the shares that were sold to other investors in the Offering and not pursuant to any pre-existing contractual rights or obligations.

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, 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.

Employment Agreements and Offer Letters

In connection with the Merger, each of our new executive officers became employed with us under the terms of their employment agreement or offer letter, as applicable. For more information regarding these employment agreements for Messrs. Gardner, Peters and Pakola, see the section titled "*Executive Compensation—Narrative to Summary Compensation Table and Outstanding Equity Awards at 2016 Year End*."

Other Transactions

We have granted stock options to our executive officers. For a description of these stock options granted to such individuals, see the section titled "*Executive Compensation*." We have also granted stock options to certain members of the board of directors, and will do so in the future pursuant to our non-employee director compensation policy. For a description of these stock options, see the section titled "*Management—Director Compensation Table*."

Policies and Procedures for Related-Person Transactions

Our board of directors has adopted a written related-person transaction policy, to be effective upon the consummation of the Merger, 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, 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 and the extent of the related person's interest in the transaction. Furthermore, all related-person transactions with a majority stockholder requires a supermajority (66 2/3%) vote of the directors then in office. All of the transactions described in this section occurred prior to the adoption of this policy.

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Common Stock is not listed on a national securities exchange, an over-the-counter market or any other exchange. Therefore, there is no trading market, active or otherwise, for our Common Stock and our Common Stock may never be included for trading on any stock exchange, automated quotation system or any over-the-counter market.

As of the date of this Report, we have 27,049,555 shares of Common Stock outstanding held by 292 stockholders of record.

Dividend Policy

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our Common Stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

Shares Eligible for Future Sale

Prior to the Merger, there has been a limited 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 the Merger, or the perception that those sales may occur, could cause the prevailing 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 the Merger 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 price of our Common Stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

Upon the completion of the Offering, we had 27,049,555 shares of Common Stock outstanding, of which our directors and executive officers beneficially own an aggregate of 12,174,678 shares. Of those outstanding shares, no shares of our Common Stock are freely tradable, without restriction, as of the date of this Current Report on Form 8-K. No shares issued in connection with the Merger or the Offering can be publicly sold under Rule 144 promulgated under the Securities Act until 12 months after the date of filing this Current Report on Form 8-K.

Sale of Restricted Shares

Of the approximately 27,049,555 shares of Common Stock outstanding upon completion of the Offering, all of such shares 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.

Lock-up Agreements

In connection with the Offering, holders of approximately 18.9 million of our Common Stock have agreed, subject to certain exceptions, not to dispose of or hedge any (or 80% in case of the holders of 915,000 shares) shares of 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 9 months after the date of the Merger, except with our prior written consent.

Following the lock-up periods set forth in the agreements described above, and assuming that no parties are released from these agreements and that there is no extension of the lock-up period, certain of the shares of Common Stock that are restricted securities or are held by our affiliates as of the date of the Merger will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

Pursuant to Rule 144 promulgated under the Securities Act, sales of the securities of a former shell company, such as us, under that rule are not permitted (i) until at least 12 months have elapsed from the date on which this Report, reflecting our status as a non-shell company, is filed with the SEC and (ii) unless at the time of a proposed sale, we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months, other than Form 8-K reports. We intend to register such shares for sale under the Securities Act, but are currently a "voluntary filer" and are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. As a result, unless we register such shares for sale under the Securities Act, most of our stockholders will be forced to hold their shares of our Common Stock for at least that 12-month period before they are eligible to sell those shares, and even after that 12-month period, sales may not be made under Rule 144 unless we and the selling stockholders are in compliance with other requirements of Rule 144.

In general, Rule 144 provides that (i) any of our non-affiliates that has held restricted Common Stock for at least 12 months is thereafter entitled to sell its restricted stock freely and without restriction, provided that we remain compliant and current with our SEC reporting obligations, and (ii) any of our affiliates, which includes our directors, executive officers and other person in control of us, that has held restricted Common Stock for at least 12 months is thereafter entitled to sell its restricted stock subject to the following restrictions: (a) we are compliant and current with our SEC reporting obligations, (b) certain manner of sale provisions are satisfied, (c) a Form 144 is filed with the SEC, and (d) certain volume limitations are satisfied, which limit the sale of shares within any three-month period to a number of shares that does not exceed 1% of the total number of outstanding shares or, if our Common Stock is then listed or quoted for trading on a national securities exchange, then the greater of 1% of the total number of outstanding shares and the average weekly trading volume of our Common Stock during the four calendar weeks preceding the filing of the Form 144 with respect to the sale. A person who has ceased to be an affiliate at least three months immediately preceding the sale and who has owned such shares of common stock for at least one year is entitled to sell the shares under Rule 144 without regard to any of the limitations described above.

Regulation S

Regulation S under the Securities Act provides that shares owned by any person may be sold without registration in the U.S., provided that the sale is effected in an offshore transaction and no directed selling efforts are made in the U.S. (as these terms are defined in Regulation S), subject to certain other conditions. In general, this means that our shares of Common Stock may be sold in some other manner outside the U.S. without requiring registration in the U.S.

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 Merger (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 above, if applicable).

Registration Rights

Registration Rights Agreement. In connection with the Merger and the Offering, we entered into a Registration Rights Agreement, pursuant to which we have agreed that promptly, but no later than 60 calendar days from the final closing of the Offering, we will file a registration statement with the SEC, or the Registration Statement, covering (a) the shares of Common Stock issued in the Offering, (b) the shares of Common Stock issuable upon exercise of the Placement Agent Warrants, (c) the shares of Common Stock issued in exchange for the equity securities of Aerpio outstanding prior to the Merger and (d) 1,000,000 shares of Common Stock, or collectively, the Registrable Shares. We will use our commercially reasonable efforts to ensure that such Registration Statement is declared effective within 150 calendar days after the final closing of the Offering. If we are late in filing the Registration Statement, if the Registration Statement is not declared effective within 150 days after the final closing of the Offering, if we fail to maintain the Registration Statement continuously effective as to all Registrable Shares included in such Registration Statement or the holders of Registrable Shares cannot use the Registration Statement to resell the Registrable Shares for a period of more than 15 trading days (other than suspension of the Registration Statement in connection with its post-effective amendment in connection with filing our Annual Report on Form 10-K for the time reasonably required to respond to any comments from the SEC or during a permitted blackout period as described in the Registration Rights Agreement) or after September 15, 2017, the Registrable Shares are not listed for quotation on OTC Markets, Nasdaq, NYSE, or NYSE MKT or trading of the Common Stock is suspended for more than 3 consecutive trading days, we will make payments to each holder of Registrable Shares as monetary penalties at a rate equal to 12% of the Offering Price per annum for each share affected during the period; provided, however, that in no event will the aggregate of any such penalties exceed 5% of the Offering Price per share. No monetary penalties will accrue with respect to any Registrable Shares removed from the Registration Statement in response to a comment from the staff of the SEC limiting the number of shares of Common Stock which may be included in the Registration Statement, or Cutback Comment, or after the Registrable Shares may be resold without volume or other limitations under Rule 144 or another exemption from registration under the Securities Act. Any cutback resulting from a Cutback Comment shall be allocated first to the shares of Common Stock issuable upon the exercise of the Placement Agent Warrants and second to the other Registrable Shares taken together, in each case pro rata based on the total number of such shares held by or issuable to each holder in such group.

We must keep the Registration Statement effective for five years from the date it is declared effective by the SEC or until (i) the Registrable Shares have been sold in accordance with such effective Registration Statement or (ii) the Registrable Shares have been previously sold in accordance with Rule 144. We must comply with the informational requirements of Rule 144 so long as any shares of Common Stock issued in the Offering are subject to Rule 144, regardless of whether we are subject to filing requirements under the Exchange Act.

We will pay all expenses in connection with any registration obligation provided in the Registration Rights Agreement, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of our counsel and of our independent accountants and reasonable fees and disbursements of counsel to the investors. Each investor will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any attorney or other advisor such investor decides to employ.

Aerpio Registration Rights Agreement. In addition, we entered into a separate registration rights agreement with certain of the pre-Merger stockholders of Aerpio and their affiliates, which we refer to as the Aerpio Registration Rights Agreement. The rights granted to such stockholders under the Aerpio Registration Rights Agreement take effect following such time as the Registration Statement described above no longer remains effective. The holders of 17,544,908 shares of our Common Stock are entitled to rights with respect to the registration of these securities under the Securities Act. The Aerpio Registration Rights Agreement includes demand registration rights, short-form registration rights and piggyback registration rights. All fees, costs and expenses of underwritten registrations under this agreement will be borne by us and all selling expenses, including underwriting discounts and selling commissions, will be borne by the holders of the shares being registered.

Following the date on which the Aerpio Registration Rights Agreement takes effect, we will be required, upon the written request of the holders of 30% of the registrable securities under the Aerpio Registration Rights Agreement, to file a registration statement on Form S-1 (if Form S-3 is not then available to us to use) and use commercially reasonable efforts to effect the registration of all or a portion of these shares for public resale. We are required to effect only two registrations pursuant to this provision of the Aerpio Registration Rights Agreement. In addition, if we are eligible to file a registration statement on Form S-3, upon the written request of the holders of at least 20% of

the registrable securities, we will be required to use commercially reasonable efforts to effect a registration of such shares. We are required to effect only two registrations in any twelve month period pursuant to this provision of the Aerpio Registration Rights Agreement. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations. If we register any of our securities either for our own account or for the account of other security holders, the holders of these shares are entitled to include their shares in the registration. Subject to certain exceptions contained in the Aerpio Registration Rights Agreement, we and the underwriters may limit the number of shares included in the underwritten offering to the number of shares which we and the underwriters determine in our sole discretion will not jeopardize the success of the offering. The Aerpio Registration Rights Agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify holders of registrable securities in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

All descriptions of the Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as Exhibit 10.5 hereto, and all descriptions of the Aerpio Registration Rights Agreement herein are qualified in their entirety by reference to the text thereof filed as Exhibit 10.9 hereto each of which is incorporated herein by reference.

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 (i) upon exercise of outstanding options under the assumed 2011 Plan, and (ii) that are outstanding or reserved for issuance under the 2017 Plan and the ESPP. Such registration statement is expected to be filed and become effective as soon as practicable after the consummation of the Merger and registration of our shares of Common Stock with the SEC pursuant to a registration statement on Form S-1. 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.

DESCRIPTION OF SECURITIES

We have authorized capital stock consisting of 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock. Following the filing of an amended and restated certificate of incorporation reflecting the capitalization increase, which we expect to occur on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders, our authorized capital stock will consist of 300,000,000 shares of Common Stock and 10,000,000 shares of preferred stock. As of the date of this Report, we had 27,049,555 shares of Common Stock issued and outstanding, and no shares of preferred stock issued and outstanding. Unless stated otherwise, the following discussion summarizes the term and provisions of our amended and restated certificate of incorporation and our amended and restated bylaws.

Common Stock

The holders of outstanding shares of Common Stock are entitled to receive dividends out of assets or funds legally available for the payment of dividends of such times and in such amounts as the board from time to time may determine. Holders of Common Stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. There is no cumulative voting of the election of directors then standing for election. The Common Stock is not entitled to pre-emptive rights and is not subject to conversion or redemption. Upon liquidation, dissolution or winding up of our company, the assets legally available for distribution to stockholders are distributable ratably among the holders of the Common Stock after payment of liquidation preferences, if any, on any outstanding payment of other claims of creditors. Each outstanding share of Common Stock is duly and validly issued, fully paid and non-assessable.

Preferred Stock

Shares of preferred stock may be issued from time to time in one or more series, each of which will have such distinctive designation or title as shall be determined by our board of directors prior to the issuance of any shares thereof. Preferred stock will have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in such resolution or resolutions providing for the issue of such class or series of preferred stock as may be adopted from time to time by the board of directors prior to the issuance of any shares thereof. Subject to the terms of any preferred stock designation that we may adopt from time to time, the number of authorized shares of preferred stock may be decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a supermajority (66 2/3%) of the voting power of all the then outstanding shares of our capital stock entitled to vote generally in the election of the directors, voting together as a single class, plus a supermajority (66 2/3%) of the voting power of the outstanding shares of each class entitled to vote thereon as a class.

While we do not currently have any plans for the issuance of additional preferred stock, the issuance of such preferred stock could adversely affect the rights of the holders of Common Stock and, therefore, reduce the value of the Common Stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of the Common Stock until the board of directors determines the specific rights of the holders of the preferred stock; however, these effects may include:

- Restricting dividends on the Common Stock;
- Diluting the voting power of the Common Stock;
- Impairing the liquidation rights of the Common Stock; or
- Delaying or preventing a change in control of our company without further action by the stockholders.

Other than in connection with shares of preferred stock (as explained above), which preferred stock is not currently designated nor contemplated by us, we do not believe that any provision of our amended and restated certificate of incorporation or bylaws would delay, defer or prevent a change in control.

Warrants

As of the date hereof, the Placement Agent Warrants entitle their holders to purchase 317,562 shares of Common Stock, with a term of three years and an exercise price of $5.00 per share.

The Placement Agent Warrants contain customary provisions for adjustment in the event of stock splits, subdivision or combination, mergers, etc.

See Item 2.01, *"Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions—Registration Rights"* for a description of the registration rights granted to (among others) the holders of the Placement Agent Warrants, which description is incorporated herein by reference.

This summary descriptions of the warrants described above is qualified in their entirety by reference to the forms of such warrants filed as an exhibit to this Report.

Options

Options to purchase shares of Aerpio common stock that were originally granted under Aerpio's 2011 Plan to certain of Aerpio's employees, officers and directors were converted into option to purchase 927,592 shares of our Common Stock with a weighted average exercise price of $1.69 per share when they were assumed by us in connection with the Merger.

Other Convertible Securities

As of the date hereof, other than the securities described above, we do not have any outstanding convertible securities.

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, our amended and restated certificate of incorporation and our amended and restated bylaws 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 price of our Common Stock.

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 a person deemed an "interested stockholder" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date such person becomes an interested stockholder 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 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 our company. 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 bylaws provide that a special meeting of stockholders may be called only by a majority of our board of directors then in office.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our 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 certificate of incorporation will eliminates the right of stockholders to act by written consent without a meeting.

Classified Board; Election and Removal of Directors

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 our Common Stock outstanding will be able to elect all of our directors. In addition, our directors may not be removed without cause, and removal of our directors for cause will require a supermajority (66 2/3%) stockholder vote. For more information on the classified board of directors, see the section titled *"Management—Board Composition."* This system of electing and removing directors 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 certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, then the United States District Court for the District 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 certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Amendment of Charter and Bylaw Provisions

The amendment of any of the above provisions in our certificate of incorporation and bylaws, except for the provision making it possible for our board of directors to issue convertible preferred stock, would require a supermajority (66 2/3% and majority of the minority, if applicable) stockholder vote.

Sale or Liquidation

Our certificate of incorporation will include provisions that require the approval of a supermajority (66 2/3% and majority of the minority, if applicable) vote of the outstanding shares of our capital stock in order to consummate a liquidation event.

The provisions of the Delaware General Corporation Law, our certificate of incorporation and our bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the 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, please see the section titled "*Directors, Executive Officers, Promoters and Control Persons—Limitation on Liability and Indemnification Matters*."

Transfer Agent

There is currently no transfer agent for our Common Stock. In connection with applying to have our Common Stock quoted on OTC Markets, we intend to appoint American Stock Transfer & Trust Company, LLC, or AST, as transfer agent and registrar for our Common Stock. AST's address is 6201 15th Avenue, Brooklyn, New York 11219 and its telephone number is 718-921-8200.

LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

We are currently not aware of any pending legal proceedings to which we are a party or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by any governmental authority.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

The Offering

The information regarding the Offering and the Placement Agent Warrants set forth in Item 2.01, “Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions—The Offering” and “Description of Securities” is incorporated herein by reference.

In March 2017, in connection with the Offering, we issued an aggregate of 8,049,555 shares of Common Stock at a price of $5.00 per share for aggregate gross consideration of approximately $40.25 million to 234 accredited investors. In March 2017, in connection with the Offering, we issued warrants to purchase an aggregate of 317,562 shares of Common Stock to the placement agents for the Offering, at an exercise price of $5.00 per share.

Securities Issued in Connection with the Merger

On March 15, 2017, pursuant to the terms of the Merger Agreement, all of the shares of capital stock of Aerpio, including restricted common stock and the outstanding amounts under the Senior Secured Convertible Promissory Notes issued by Aerpio to its pre-Merger noteholders (which outstanding amounts were first converted into shares of Aerpio common stock immediately prior to the Effective Time of the Merger), were converted into an aggregate of 18,000,000 shares of our Common Stock. In addition, we assumed all outstanding options to purchase Aerpio common stock that remained outstanding under the 2011 Plan, whether vested or unvested, and converted them into options to purchase an aggregate of 927,592 shares of our Common Stock. These transactions were exempt from registration under Section 4(a)(2) of the Securities Act as not involving any public offering. None of the securities were sold through an underwriter and, accordingly, there were no underwriting discounts or commissions involved.

Sales of Unregistered Securities of Aerpio

The following list sets forth information as to all securities Aerpio sold from January 1, 2014 through immediately prior to the consummation of the Merger, which were not registered under the Securities Act. The following description is historical and has not been adjusted to give effect to the Merger or the share conversion ratio pursuant to the Merger Agreement.

1. In April 2014, Aerpio issued an aggregate of 10,476,182 shares of Series A2 convertible preferred stock at a price per share of $2.10 for aggregate gross consideration of approximately $22 million to 37 accredited investors.
2. In March, April and July 2016, Aerpio issued convertible promissory notes for an aggregate principal amount of $9.1 million to 54 accredited investors.
3. In October 2016 and January 2017, Aerpio issued convertible promissory notes for an aggregate principal amount of approximately $3.8 million to 53 accredited investors.
4. Aerpio granted stock options and stock awards to employees, directors and consultants under the 2011 Plan covering an aggregate of 5,117,697 shares of Common Stock, at a weighted-average exercise price of $0.70 per share. Of these, options covering an aggregate of 100,496 shares were canceled without being exercised.
5. Aerpio sold an aggregate of 90,102 shares of Common Stock to employees, directors and consultants for cash consideration in the aggregate amount of $42,183.03 upon the exercise of stock options and stock awards.

ITEM 3.03 MATERIAL MODIFICATION TO RIGHTS OF SECURITY HOLDERS.

The information contained in Item 5.03, *"Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year"* is incorporated herein by reference.

ITEM 4.01 CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

Effective at the Effective Time of the Merger, LWBJ, LLP, or LWBJ, was dismissed as the independent registered public accounting firm that audits the financial statements of our company. Effective as of the Effective Time, our board of directors engaged Ernst & Young LLP, as the independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending December 31, 2017.

LWBJ's audit report on our financial statements for the fiscal years ended December 31, 2015 and 2016 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2015 and 2016 and the subsequent interim period through the date of LWBJ's dismissal, there were no disagreements with LWBJ on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of LWBJ, would have caused it to make reference to the subject matter thereof in connection with its report.

During the fiscal years ended December 31, 2015 and 2016 and the subsequent interim period through the date of LWBJ's dismissal, neither the Company nor anyone acting on its behalf consulted Ernst & Young LLP regarding the application of accounting principles to a specified transaction, either completed or proposed or the type of audit opinion that might be rendered on the Company's financial statements.

We have provided LWBJ with a copy of this report prior to the filing hereof and have requested that LWBJ furnish to us a letter addressed to the Securities and Exchange Commission stating whether LWBJ agrees with the statements made by us in this report. LWBJ has furnished such letter, which letter is filed as Exhibit 16.1 hereto, as required by Item 304(a)(3) of Regulation S-K.

ITEM 5.01 CHANGES IN CONTROL OF REGISTRANT.

The information regarding change of control of Zeta Acquisition Corp. II in connection with the Merger set forth in Item 2.01, "Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions" is incorporated herein by reference.

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

The information regarding departure and election of our directors and departure and appointment of our principal officers in connection with the Merger set forth in Item 2.01, *"Completion of Acquisition or Disposition of Assets—The Merger and Related Transactions"* is incorporated herein by reference.

For information regarding the terms of employment of our newly appointed executive officers, see *"Executive Compensation"* and *"Certain Relationships and Related Transactions—Employment Agreements and Offer Letters"* in Item 2.01 of this Current Report on Form 8-K, which description is incorporated herein by reference. For certain biographical, related party and other information regarding our newly appointed executive officers, see the disclosure under the headings *"Directors, Executive Officers, Promoters and Control Persons" and "Certain Relationships and Related Transactions"* in Item 2.01 of this Current Report on Form 8-K, which disclosures are incorporated herein by reference.

For information about compensation to our directors, see *"Directors, Executive Officers, Promoters and Control Persons—Director Compensation"* in Item 2.01 of this Current Report on Form 8-K, which description is incorporated herein by reference. For information about the committees each director serves on, see *"Directors, Executive Officers, Promoters and Control Persons—Board Committees"* in Item 2.01 of this Current Report on Form 8-K, which description is incorporated herein by reference. There are no arrangements or understandings pursuant to which any of our current directors was appointed as a director. For certain biographical, related party and other information regarding our newly appointed directors, see the disclosure under the headings *"Directors, Executive Officers, Promoters and Control Persons"* and *"Certain Relationships and Related Transactions"* in Item 2.01 of this Current Report on Form 8-K, which disclosures are incorporated herein by reference.

Reference is made to the descriptions of the 2017 Plan, the ESPP and the assumed 2011 Plan set forth under the heading *"Executive Compensation—Equity Compensation Plans"* in Item 2.01 of this Current Report on Form 8-K, which descriptions are incorporated herein by reference. The descriptions of the assumed 2011 Plan, the 2017 Plan and the ESPP contained in this Report does not purport to be complete, and are qualified in their entirety by reference to the full text of applicable plans, which is attached hereto as Exhibits 10.1, 10.2 and 10.3, respectively, and are incorporated herein by reference.

ITEM 5.03 AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGE IN FISCAL YEAR

Amendments to Articles of Incorporation

Prior to the Merger, our board of directors approved the amendment and restatement of our certificate of incorporation on March 3, 2017, and as described under Item 5.07, *"Submission of Matters to a Vote of Security Holders,"* stockholders holding 80% of the then outstanding shares of our Common Stock approved the amendment and restatement to our certificate of incorporation on March 10, 2017. See the description of the amended and restated certificate of incorporation in Item 2.01, *"Completion of Acquisition or Disposition of Assets—Description of Securities—Anti-Takeover Effects Provisions of our Amended and Restated Certificate of Incorporation, our Bylaws and Delaware Law"* for a summary of its terms. Our amended and restated certificate of incorporation is filed as Exhibit 3.2 hereto, and will be filed with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre-Merger stockholders.

Amendments to Bylaws

Prior to the Merger, on March 15, 2017, we amended and restated our bylaws in their entirety. See the description of the amended and restated bylaws in Item 2.01, *"Completion of Acquisition or Disposition of Assets—Description of Securities—Anti-Takeover Effects Provisions of our Amended and Restated Certificate of Incorporation, our Bylaws and Delaware Law."* Our amended and restated bylaws are filed as Exhibit 3.3 hereto.

ITEM 5.06 CHANGE IN SHELL COMPANY STATUS.

Prior to the Merger, we were a "shell company" (as such term is defined in Rule 12b-2 under the Exchange Act). As a result of the Merger, we have ceased to be a shell company. The information contained in this Report, together with the information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and our subsequent Current Reports on Form 8-K, as filed with the SEC, constitute the current "Form 10 information" necessary to satisfy the conditions contained in Rule 144(i)(2) under the Securities Act.

ITEM 8.01 OTHER EVENTS.

The Company issued a Press Release entitled “Aerpio Pharmaceuticals Raises $40 Million” on March 16, 2017 announcing the Merger and the Offering, a copy of which is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) As a result of its acquisition of Aerpio as described in Item 2.01, the registrant is filing herewith Aerpio’s audited financial statements as of and for the fiscal years ended December 31, 2016 and 2015 as Exhibit 99.1 to this current report.

(b) Unaudited pro forma combined financial information as of and for the fiscal year ended December 31, 2016 is attached as Exhibit 99.2 to this current report.

(c) Shell Company Transactions. Reference is made to Items 9.01(a) and 9.01(b) and the exhibits referred to therein, which are incorporated herein by reference.

(d) Exhibits.

Exhibit	Description
2.1	Agreement and Plan of Merger, dated March 7, 2017, by and among the Company, Acquisition Sub, a Delaware corporation and wholly-owned subsidiary of the Company, and Aerpio Therapeutics, Inc., a Delaware corporation (incorporated herein by reference to Exhibit 2.1 to the Company's 8-K filed with the Securities and Exchange Commission on March 13, 2017, File No. 000-53057).*
3.1	Certificate of Merger relating to the merger of Acquisition Sub with and into Aerpio Therapeutics, Inc., filed with the Secretary of State of the State of Delaware on March 15, 2017
3.2	Amended and Restated Certificate of Incorporation, to be filed with the Secretary of State of the State of Delaware.
3.3	Amended and Restated Bylaws.
3.4	Certificate of Amendment to Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on March 15, 2017.
4.1	Form of Warrant to Purchase Shares of Common Stock of issued to the Placement Agents.
10.1#	2011 Equity Incentive Plan and forms of award agreements thereunder, assumed in the Merger.
10.2#	2017 Stock Option and Incentive Plan and forms of award agreements thereunder.
10.3#	2017 Employee Stock Purchase Plan.
10.4#	Form of Indemnification Agreement.
10.5	Registration Rights Agreement, dated March 15, 2017, by and among the Company and the persons listed on Exhibit A attached thereto
10.6	Subscription Agreement, dated March 15, 2017, by and between the Company and the investors party thereto*
10.7	Office Lease at 10300 Alliance Road, Cincinnati, OH dated as of September 29, 2009, by and between Akebia Therapeutics, Inc. and Duke Realty Ohio, as amended by the First Lease Amendment dated as of April 23, 2010 by and between Akebia Therapeutics, Inc. and Duke Realty Ohio, as amended by the Second Lease Amendment and Assignment and Assumption of Lease dated as of April 25, 2012 by and between DP Landings Building II, LLC, Akebia Therapeutics, Inc., and Aerpio, as amended by the Third Amendment to Office Lease dated as of February 27, 2015 by and between RT Landings Building II, LLC and Aerpio.
10.8#	Form of Employment Agreement.
10.9	Registration Rights Agreement by and among the Company and certain former stockholders of Aerpio.
16.1	Letter from LWBJ, LLP as to the change in certifying accountant, dated as of March 15, 2017.
21.1	Subsidiaries of the Registrant.
99.1	Audited financial statements of Aerpio Therapeutics, Inc. as of and for the fiscal years ended December 31, 2016 and 2015.
99.2	Unaudited Pro Forma Combined Financial Statements as of and for the fiscal year ended December 31, 2016.
99.3	Press Release dated March 16, 2017.

# Indicates a management contract or any compensatory plan, contract or arrangement.

* The Company will furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 17, 2017

AERPIO THERAPEUTICS, INC.

By: /s/Joseph Gardner
Name: Joseph Gardner
Title: President and Chief Executive Officer

STATE OF DELAWARE
CERTIFICATE OF MERGER OF
DOMESTIC CORPORATIONS

Pursuant to Title 8, Section 251(c) of the Delaware General Corporation Law, the undersigned corporation executed the following Certificate of Merger:

FIRST: The name of the surviving corporation is Aerpio Therapeutics, Inc., and the name of the corporation being merged into this surviving corporation is Aerpio Acquisition Corp.

SECOND: The Agreement and Plan of Merger and Reorganization (the "Agreement of Merger") among the parties of the Merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with requirements of Section 251 of the Delaware General Corporation Law.

THIRD: The name of the surviving corporation is Aerpio Therapeutics, Inc., a Delaware corporation.

FOURTH: The Certificate of Incorporation of the surviving corporation shall be amended and restated in the form attached hereto as Exhibit A and as so amended, shall be the Certificate of Incorporation of the surviving corporation until amended as provided in such certificate of incorporation or applicable law.

FIFTH: The merger shall become effective upon filing of this Certificate of Merger with the Secretary of State of the State of Delaware.

SIXTH: The executed Agreement of Merger is on file at 9987 Carver Road, Suite 420, Cincinnati, OH 45242, the place of business of the surviving corporation.

SEVENTH: A copy of the Agreement of Merger will be furnished by the surviving corporation on request, without cost, to any stockholder of the constituent corporations.

IN WITNESS WHEREOF, said surviving corporation has caused this certificate to be signed by an authorized officer, this 15th day of March, 2017.

AERPIO THERAPEUTICS, INC.

By: /s/ Joseph Gardner
Authorized Officer
Name: Joseph Gardner
Title: President and CEO

Exhibit A

CERTIFICATE OF INCORPORATION

OF

AERPIO THERAPEUTICS, INC.

1. Name. The name of the corporation is **Aerpio Therapeutics, Inc.**

2. Registered Office and Registered Agent. The address of the registered office of the corporation in the State of Delaware is 1013 Centre Road, Suite 403-B, Wilmington, DE 19805, County of New Castle. The name of the registered agent at that address is Vcorp Services, LLC.

3. Purposes. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

4. Capital Stock. The total number of shares that the corporation is authorized to issue is 100 shares of common stock, par value $0.001 per share.

5. Bylaws. The board of directors of the corporation is expressly authorized to adopt, amend or repeal bylaws of the corporation.

6. Director Liability.

a) Limitation. To the fullest extent permitted by law, 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 DGCL or any other law of the State of Delaware is amended after the date hereof 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 DGCL as so amended. Any repeal or modification of the foregoing provisions of this Section 6 by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of, or increase the liability of any director of the corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

b) Indemnification. To the fullest extent permitted by applicable law, the corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the corporation (and any other persons to which DGCL permits the corporation to provide indemnification) through bylaws provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL.

c) Modification. Any amendment, repeal or modification of the foregoing provisions of this Section 6 shall not adversely affect any right or protection of any director, officer, or other agent of the corporation existing at the time of such amendment, repeal or modification.

7. Board Rights. In furtherance and not in limitation of the powers conferred by statute, it is further provided that:

a) The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

b) The Board of Directors is expressly authorized to adopt, alter, amend or repeal the bylaws of the Corporation.

8. Director Election. Election of directors need not be by written ballot unless the bylaws of the corporation shall so provide.

9. Amendment. Subject to such limitations as may be from time to time imposed by other provisions of this Certificate of Incorporation, by the bylaws of the corporation, by the DGCL or by other applicable law, or by any contract or agreement to which the corporation is or may become a party, the corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this express reservation.

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

AERPIO PHARMACEUTICALS, INC.

Aerpio Pharmaceuticals, Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Corporation**"), hereby certifies as follows:

1. The name of the Corporation is Aerpio Pharmaceuticals, Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was November 16, 2007 (the "**Original Certificate**").

2. This Amended and Restated Certificate of Incorporation (this "**Certificate**") amends, restates and integrates the provisions of the Certificate of Incorporation that was filed with the Secretary of State of the State of Delaware on November 16, 2007, and as amended from time to time (the "**Amended and Restated Certificate**"), and was duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware (the "**DGCL**").

3. The text of the Amended and Restated Certificate is hereby amended and restated in its entirety to provide as herein set forth in full.

ARTICLE I

The name of the Corporation is Aerpio Pharmaceuticals, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is c/o The Corporation Trust Company, 1209 Orange Street in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

CAPITAL STOCK

1. The total number of shares of capital stock which the Corporation shall have authority to issue is three hundred ten million (310,000,000), of which (i) three hundred million (300,000,000) shares shall be a class designated as common stock, par value $0.0001 per share (the "Common Stock"), and (ii) ten million (10,000,000) shares shall be a class designated as undesignated preferred stock, par value $0.0001 per share (the "Undesignated Preferred Stock").

2. Except as otherwise provided in any certificate of designations of any series of Undesignated Preferred Stock, the number of authorized shares of the class of Common Stock or Undesignated Preferred Stock may from time to time be increased or decreased (but not below the number of shares of such class outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation irrespective of the provisions of Section 242(b)(2) of the DGCL.

3. The powers, preferences and rights of, and the qualifications, limitations and restrictions upon, each class or series of stock shall be determined in accordance with, or as set forth below in, this Article IV.

A. COMMON STOCK

Subject to all the rights, powers and preferences of the Undesignated Preferred Stock and except as provided by law or in this Certificate (or in any certificate of designations of any series of Undesignated Preferred Stock):

(a) the holders of the Common Stock shall have the exclusive right to vote for the election of directors of the Corporation (the "Directors") and on all other matters requiring stockholder action, each outstanding share entitling the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate (or on any amendment to a certificate of designations of any series of Undesignated Preferred Stock) that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Undesignated Preferred Stock if the holders of such affected series of Undesignated Preferred Stock are entitled to vote, either separately or together with the holders of one or more other such series, on such amendment pursuant to this Certificate (or pursuant to a certificate of designations of any series of Undesignated Preferred Stock) or pursuant to the DGCL;

(b) dividends may be declared and paid or set apart for payment upon the Common Stock out of any assets or funds of the Corporation legally available for the payment of dividends, but only when and as declared by the Board of Directors or any authorized committee thereof; and

(c) upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock.

B. UNDESIGNATED PREFERRED STOCK

The Board of Directors or any authorized committee thereof is expressly authorized, to the fullest extent permitted by law, to provide by resolution or resolutions for, out of the unissued shares of Undesignated Preferred Stock, the issuance of the shares of Undesignated Preferred Stock in one or more series of such stock, and by filing a certificate of designations pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof.

ARTICLE V

STOCKHOLDER ACTION

1. Action without Meeting. Any action required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders and may not be taken or effected by a written consent of stockholders in lieu thereof.

2. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office, and special meetings of stockholders may not be called by any other person or persons. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

3. Advance Notice. Advance notice of stockholder nominations for the election of Directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-laws of the Corporation.

4. Liquidation Event.

(a) Subject to the rights of the holders of any series of Undesignated Preferred Stock then outstanding and in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law, in no event shall the Corporation liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any Liquidation Event (each, a “Liquidation”), or consent to any of the foregoing unless such a Liquidation has been approved by the affirmative vote of at least sixty-six and two-thirds percent (66 ⅔%) of the voting power of the outstanding shares of capital stock entitled to vote generally on the election of Directors, voting together as a single class; provided, however, that at any time there is a Majority

Stockholder, the consummation of any Liquidation shall also require the affirmative vote of the holders of a majority of the combined voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally on the election of Directors that are not Owned by such Majority Stockholder or any of its Affiliates or Associates, voting as a single class.

(b) For purposes of this Certificate, "Affiliates" and "Associates" shall have the meanings ascribed to such terms under Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the following capitalized terms shall have the meanings set forth below:

(1) "Liquidation Event" means:

(i) a merger or consolidation in which:

(A) the Corporation is a constituent party or

(B) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (x) the surviving or resulting corporation; or (y) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

(2) "Majority Stockholder" means a Person that, individually or together with all of such Person's Affiliates and/or Associates, Owns more than fifty percent (50%) of the combined voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally on the election of Directors.

(3) "Owner," including the terms "Own," "Owns" and "Owned," when used with respect to any Stock, means a Person that individually or with or through any of its Affiliates or Associates (i) beneficially owns such Stock, directly or indirectly (including for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder); (ii) has (A) the right to acquire such Stock (whether such right is exercisable

immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the owner of Stock tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered Stock is accepted for purchase or exchange; or (B) the right to vote such Stock pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the owner of any Stock because of such Person's right to vote such Stock if the agreement, arrangement or understanding to vote such Stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more Persons; or (iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in the immediately preceding clause (ii)(B) of this definition), or disposing of such Stock with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, such Stock.

(4) a "Person" means an individual, a partnership, a corporation, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization or association or other entity.

(5) "Stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

4. Section 251(h) of the DGCL. The Corporation shall not be subject to the provisions of Section 251(h) of the DGCL and, consequently, the vote of stockholders of the Corporation that, absent Section 251(h) of the DGCL, would be required to authorize a merger under the DGCL and this Certificate, shall be required to authorize a merger.

5. Affiliate Transactions. In addition to any vote of the holders of any class or series of capital stock of the Corporation required by law or by this Certificate (including any duly authorized certificate of designations relating to any series of Undesignated Preferred Stock), the affirmative vote of at least sixty-six and two-thirds percent (66 ⅔%) of the Directors then in office shall be required prior to the consummation by the Corporation or any of its subsidiaries of any agreement, transaction, commitment or arrangement with a Majority Stockholder or any of its Affiliates or Associates.

ARTICLE VI

DIRECTORS

1. General. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided herein or required by law.

2. Election of Directors. Election of Directors need not be by written ballot unless the By-laws of the Corporation (the "By-laws") shall so provide. At all meetings of stockholders for the election of Directors at which a quorum is present, the Directors shall be elected by a plurality of the votes cast by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of Directors. Unless otherwise provided in the resolution or resolutions of the Board of Directors with respect to any series of Preferred Stock, whenever the holders of any series of Undesignated Preferred Stock are entitled to elect one or more Directors, such Directors shall be elected by a plurality of the votes of the shares of such series.

3. Number of Directors; Term of Office. The number of Directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, the number of Directors of the Corporation shall be fixed solely and exclusively by the affirmative vote of sixty-six and two-thirds percent (66 2⁄3%) of the remaining Directors then in office, even if less than a quorum of the Board of Directors, and not by the stockholders. The Directors, other than those who may be elected by the holders of any series of Undesignated Preferred Stock, shall be classified, with respect to the term for which they severally hold office, into three classes. The initial Class I Directors of the Corporation shall be Paul Weiss and Caley Castelein; the initial Class II Directors of the Corporation shall be Steven Prelack, Anupam Dalal and Pravin Dugel; and the initial Class III Directors of the Corporation shall be Joseph Gardner, Muneer Satter, and Chau Khuong. The initial Class I Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2018, the initial Class II Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2019, and the initial Class III Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2020. At each annual meeting of stockholders, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. Notwithstanding the foregoing, the Directors elected to each class shall hold office until their successors are duly elected and qualified or until their earlier resignation, death or removal.

Notwithstanding the foregoing, whenever, pursuant to the provisions of Article IV of this Certificate, the holders of any one or more series of Undesignated Preferred Stock shall have the right, voting separately as a series or together with holders of other such series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate and any certificate of designations applicable to such series.

4. Vacancies. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock to elect Directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies and newly created directorships in the Board of Directors, however occurring, including, without limitation, by reason of an increase in the size of the Board of Directors, or the death, resignation, disqualification or removal of a Director, shall be filled solely and exclusively by the affirmative vote of sixty-six and two-thirds percent (66 2⁄3%) of the remaining Directors then in office, even if less than a quorum of the Board of Directors,

and not by the stockholders. Any Director appointed in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified or until his or her earlier resignation, death or removal. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock to elect Directors, when the number of Directors is increased or decreased, the Board of Directors shall, subject to Article VI.3 hereof, determine the class or classes to which the increased or decreased number of Directors shall be apportioned; provided, however, that no decrease in the number of Directors shall shorten the term of any incumbent Director.

5. Removal. Subject to the rights, if any, of any series of Undesignated Preferred Stock to elect Directors and to remove any Director whom the holders of any such series have the right to elect, any Director (including persons elected by Directors to fill vacancies in the Board of Directors) may be removed from office (i) only with cause and (ii) only by the affirmative vote of the holders of sixty-six and two-thirds percent (66 ⅔%) or more of the voting power of the outstanding shares of capital stock then entitled to vote generally on the election of Directors. At least forty-five (45) days prior to any annual or special meeting of stockholders at which it is proposed that any Director be removed from office, written notice of such proposed removal and the alleged grounds thereof shall be sent to the Director whose removal will be considered at the meeting.

ARTICLE VII

LIMITATION OF LIABILITY

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, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the Director derived an improper personal benefit. If the DGCL is amended after the effective date of this Certificate 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 DGCL, as so amended.

Any amendment, repeal or modification of this Article VII by either of (i) the stockholders of the Corporation or (ii) an amendment to the DGCL, shall not adversely affect any right or protection existing at the time of such amendment, repeal or modification with respect to any acts or omissions occurring before such amendment, repeal or modification of a person serving as a Director at the time of such amendment, repeal or modification.

ARTICLE VIII

EXCLUSIVE FORUM

1. Exclusive Forum. Unless this Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) shall, to the fullest extent permitted by 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, employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, the Certificate of Incorporation or the Bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine. As used in this Certificate of Incorporation, the term "Claim" means the actions, proceedings or claims referred to in clauses (i) through (iv) on this Section 1.

2. Notice. Any Person purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation (including, without limitation, shares of Common Stock) shall be deemed to have notice of and to have consented to the provisions of this ARTICLE VIII.

ARTICLE IX

AMENDMENT OF BY-LAWS

1. Amendment by Directors. Except as otherwise provided by law, the By-laws of the Corporation may be amended or repealed by the Board of Directors by the affirmative vote of sixty-six and two-thirds percent (66 ⅔%) of the Directors then in office.

2. Amendment by Stockholders. The By-laws of the Corporation may be amended or repealed at any annual meeting of stockholders, or special meeting of stockholders called for such purpose, by the affirmative vote of at least sixty-six and two-thirds percent (66 ⅔%) of the voting power of the outstanding shares of capital stock entitled to vote generally on the election of Directors, voting together as a single class, in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law, this Certificate (including any duly authorized certificate of designations relating to any series of Undesignated Preferred Stock) or otherwise; provided, however, that at any time there is a Majority Stockholder, the affirmative vote of the holders of a majority of the combined voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally on the election of Directors that are not Owned by such Majority Stockholder or any of its Affiliates or Associates, voting as a single class, shall also be required to adopt, amend, alter or repeal any provisions of the By-laws of the Corporation.

ARTICLE X

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal this Certificate in the manner now or hereafter prescribed by statute and this Certificate, and all rights conferred upon stockholders herein are granted subject to this reservation. Whenever any vote of the holders of capital stock of the Corporation is required to amend or repeal any provision of this Certificate, and in addition to any other vote of holders of capital stock that is required by this Certificate or by law, such amendment or repeal shall require the affirmative vote of the majority of the voting power of the outstanding shares of capital stock entitled to vote generally on the election of Directors, and the affirmative vote of the majority of the voting power of the outstanding shares of each class entitled to vote generally on the election of Directors as a class, at a duly constituted meeting of stockholders called expressly for such purpose; provided, however, that the affirmative vote of not less than sixty-six and two-thirds percent (66 ⅔%) of the voting power of the outstanding shares of capital stock entitled to vote generally on the election of Directors, and the affirmative vote of not less than sixty-six and two-thirds percent (66 ⅔%) of the voting power of the outstanding shares of each class entitled to vote thereon as a class, shall be required to amend or repeal any provision of Article IV(1)(ii) (but only to the extent that such amendment would decrease the number of authorized shares of Undesignated Preferred Stock) or (3)(B), Article V, Article VI, Article VII, Article VIII, Article IX or Article X of this Certificate; and provided, further, that at any time there is a Majority Stockholder, the affirmative vote of the holders of a majority of the combined voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally on the election of ***Director***s that are not Owned by such Majority Stockholder or any of its Affiliates or Associates, voting as a single class, shall be required to amend or repeal any provision of Article IV(1)(ii) (but only to the extent that such amendment would decrease the number of authorized shares of Undesignated Preferred Stock) or (3)(B), Article V, Article VI, Article VII, Article VIII, Article IX or Article X of this Certificate.

[End of Text]

THIS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION is executed as of this 15th day of March, 2017.

AERPIO PHARMACEUTICALS, INC.

By: /s/ Joseph Gardner
Name: Joseph Gardner, Ph.D.
Title: President and Chief Executive Officer

AMENDED AND RESTATED

BY-LAWS

OF

AERPIO PHARMACEUTICALS, INC.

(the "Corporation")

ARTICLE I

Stockholders

SECTION 1. Annual Meeting. The annual meeting of stockholders (any such meeting being referred to in these By-laws as an "Annual Meeting") shall be held at the hour, date and place within or without the United States which is fixed by the Board of Directors, which time, date and place may subsequently be changed at any time by vote of the Board of Directors.

SECTION 2. Notice of Stockholder Business and Nominations.

(a) Business at Annual Meetings of Stockholders

(1) Proposals for business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 2(b) hereto) to be transacted by the stockholders at an Annual Meeting may be made (i) pursuant to the Corporation's notice with respect to such meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors or any committee thereof or (iii) by any stockholder of record of the Corporation who (A) was a stockholder of record at the time of the giving of the notice contemplated in Section 2(a), (B) is entitled to vote at such meeting and (C) has complied with the notice procedures set forth in this Section 2. Except as otherwise required by law, clause (iii) of this Section 2(a)(1) shall be the exclusive means for a stockholder to propose business (other than nominations and proposals properly brought pursuant to applicable provisions of federal law, including the Securities Exchange Act of 1934 (as amended from time to time, the "Act") and the rules and regulations thereunder) before an Annual Meeting.

(2) Except as otherwise required by law, for proposals (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 2(b) hereto) to be properly brought before an Annual Meeting pursuant to clause (iii) of Section 2(a)(1), (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation with the information contemplated by Section 2(a)(3), and (ii) the business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware (the "DGCL"). The notice requirements of this Section 2(a) shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an Annual Meeting in compliance with applicable rules and regulations promulgated under the Act and such stockholder's proposal has been included in a proxy statement prepared by the Corporation to solicit proxies for such Annual Meeting.

(3) To be timely for purposes of Section 2(a), a stockholder's notice must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation on a date not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the anniversary date of the prior year's Annual Meeting or, if there was no Annual Meeting in the prior year or if the date of the current year's Annual Meeting is more than 30 days before or after the anniversary date of the prior year's Annual Meeting, on or before 10 days after the day on which the date of the current year's Annual Meeting is first disclosed in a public announcement. In no event shall any adjournment or postponement of an Annual Meeting or the announcement thereof commence a new time period for the delivery of such notice. Such notice from a stockholder must state (i) as to each proposal that the stockholder seeks to bring before the meeting, a brief description of such proposal, the reasons for making the proposal at the meeting, 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 By-laws of the Corporation, the language of the proposed amendment) and any material interest that the stockholder has in the proposal; and (ii) (A) the name and address of the stockholder giving the notice on whose behalf the proposal is made, (B) the class (and, if applicable, series) and number of shares of stock of the Corporation that are, directly or indirectly, owned beneficially or of record by the stockholder, (C) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class (or, if applicable, series) of shares of stock of the Corporation or with a value derived in whole or in part from the value of any class (or, if applicable, series) of shares of stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (each, a "Derivative Instrument") directly or indirectly owned beneficially or of record by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of stock of the Corporation of the stockholder, (D) any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder has a right to vote any securities of the Corporation, (E) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or beneficially owns, directly or indirectly, an interest in a general partner, (F) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of the shares of stock of the Corporation or Derivative Instruments, (G) any other information relating to such stockholder, if any, required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Act and the rules and regulations of the Securities and Exchange Commission thereunder, (H) a representation that the stockholder is a holder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, (I) a certification as to whether or not the stockholder has complied with all applicable federal,

state and other legal requirements in connection with the stockholder's acquisition of shares of capital stock or other securities of the Corporation and the stockholder's acts or omissions as a stockholder (or beneficial owner of securities) of the Corporation, and (J) whether the stockholder intends to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal. The information required to be included in a notice pursuant to this Section 2(a)(3) shall be provided as of the date of such notice. The information required to be included in a notice pursuant to this Section 2(a)(3) shall not include any ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is directed to prepare and submit the notice required by this Section 2(a)(3) on behalf of a beneficial owner of the shares held of record by such broker, dealer, commercial bank, trust company or other nominee and who is not otherwise affiliated or associated with such beneficial owner.

(4) Notwithstanding anything in these By-laws to the contrary, no business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 2(b) hereto) shall be conducted at an Annual Meeting except in accordance with the procedures set forth in this Section 2(a).

(b) Nominations at Annual Meetings of Stockholders

(1) Nominations of persons for election to the Board of Directors at an Annual Meeting may be made (i) pursuant to the Corporation's notice with respect to such meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors or any committee thereof or (iii) by any stockholder of record of the Corporation who (A) was a stockholder of record at the time of the giving of the notice contemplated in Section 2(b), (B) is entitled to vote at such meeting and (C) has complied with the notice procedures set forth in this Section 2(b). Except as otherwise required by law, clause (iii) of this Section 2(b) shall be the exclusive means for a stockholder to make nominations of persons for election to the Board of Directors before an Annual Meeting. Except as otherwise required by law, for nominations to be properly brought before an Annual Meeting by a stockholder pursuant to clause (iii) of Section 2(b)(1), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation with the information contemplated by Section 2(b)(2).

(2) To be timely for purposes of Section 2(b), a stockholder's notice must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation on a date not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the anniversary date of the prior year's Annual Meeting or, if there was no Annual Meeting in the prior year or if the date of the current year's Annual Meeting is more than 30 days before or after the anniversary date of the prior year's Annual Meeting, on or before 10 days after the day on which the date of the current year's Annual Meeting is first disclosed in a public announcement. In no event shall any adjournment or postponement of an Annual Meeting or the announcement thereof commence a new time period for the delivery of such notice. Such notice from a stockholder must state (i) as to each nominee that the stockholder proposes for election or

reelection as a director, (A) all information relating to such nominee that would be required to be disclosed in solicitations of proxies for the election of such nominee as a director pursuant to Regulation 14A under the Act and such nominee's written consent to serve as a director if elected, and (B) a description of all direct and indirect compensation and other material monetary arrangements, agreements or understandings during the past three years, and any other material relationship, if any, between or concerning such stockholder, or any of their respective affiliates or associates, on the one hand, and the proposed nominee or any of his or her affiliates or associates, on the other hand; and (ii) (A) the name and address of the stockholder giving the notice on whose behalf the nomination is made, (B) the class (and, if applicable, series) and number of shares of stock of the Corporation that are, directly or indirectly, owned beneficially or of record by the stockholder, (C) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class (or, if applicable, series) of shares of stock of the Corporation or a Derivative Instrument directly or indirectly owned beneficially or of record by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of stock of the Corporation of the stockholder, (D) any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder has a right to vote any securities of the Corporation, (E) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or beneficially owns, directly or indirectly, an interest in a general partner, (F) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of the shares of stock of the Corporation or Derivative Instruments, (G) any other information relating to such stockholder, if any, required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Act and the rules and regulations of the Securities and Exchange Commission thereunder, (H) a representation that the stockholder is a holder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (I) a certification as to whether or not the stockholder has complied with all applicable federal, state and other legal requirements in connection with the stockholder's acquisition of shares of capital stock or other securities of the Corporation and the stockholder's acts or omissions as a stockholder (or beneficial owner of securities) of the Corporation, and (J) whether the stockholder intends to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Corporation's voting shares reasonably believed by such stockholder to be sufficient to elect such nominee or nominees or otherwise to solicit proxies or votes from stockholders in support of such nomination. The Corporation may require any proposed nominee to furnish such other information as may be reasonably requested by the Corporation to determine the eligibility of the proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of the nominee. The information required to be included in a notice pursuant to this Section 2(b)(2) shall be provided as of the date of such notice. The information required to be included in a notice

pursuant to this Section 2(b)(2) shall not include any ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is directed to prepare and submit the notice required by this Section 2(b)(2) on behalf of a beneficial owner of the shares held of record by such broker, dealer, commercial bank, trust company or other nominee and who is not otherwise affiliated or associated with such beneficial owner.

(c) Subject to the certificate of incorporation of the Corporation (the "Certificate of Incorporation") and applicable law, only persons nominated in accordance with procedures stated in this Section 2(b) shall be eligible for election as and to serve as members of the Board of Directors and the only business that shall be conducted at an Annual Meeting of stockholders is the business that has been brought before the meeting in accordance with the procedures set forth in this Section 2(a). The chairman of the meeting shall have the power and the duty to determine whether a nomination or any proposal has been made according to the procedures stated in this Section 2 and, if any nomination or proposal does not comply with this Section 2, unless otherwise required by law, the nomination or proposal shall be disregarded.

(d) For purposes of this Section 2, "public announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Act.

(e) Notwithstanding the foregoing provisions of this Section 2, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business or does not provide the information required by Section 2(a) or 2(b), including any required supplement thereto, such nomination may be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(f) Any stockholder who submits a notice of proposal for business or nomination for election pursuant to this Section 2 is required to update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the stockholders entitled to notice of the meeting of stockholders and as of the date that is 10 business days prior to such meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the fifth business day after the record date for the meeting of stockholders (in the case of the update and supplement required to be made as of the record date), and not later than the close of business on the eighth business day prior to the date for the meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of 10 business days prior to the meeting of stockholders or any adjournment or postponement thereof).

(g) To be qualified to be a nominee for election or re-election as a director of the Corporation, a person must deliver (in the case of a person nominated by a stockholder in accordance with Section 1(b), in accordance with the time periods prescribed for delivery of notice under such sections) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) 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, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (iii) would be in compliance, and if elected as a director of the Corporation will comply, with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. The Corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve either as a director of the Corporation or as an independent director of the Corporation under applicable Securities and Exchange Commission and stock exchange rules and the Corporation's publicly disclosed corporate governance guidelines, or that could be material to a reasonable stockholder's understanding of the qualifications and/or independence, or lack thereof, of such nominee.

(h) Notwithstanding the foregoing provisions of these By-laws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in these By-laws; provided, however, that any references in these By-laws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements applicable to any nomination or other business to be considered pursuant to this Section 2.

SECTION 3. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation and stockholder proposals of other business shall not be brought before a special meeting of stockholders to be considered by the stockholders.

SECTION 4. Notice and Conduct of Meetings; Adjournments.

(a) A notice of each Annual Meeting stating the hour, date and place, if any, of such Annual Meeting and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given not less than ten (10) days nor more than sixty (60) days before the Annual Meeting, to each stockholder entitled to vote thereat by delivering such notice to such stockholder or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books. Without limiting the manner by which notice may otherwise be given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

(b) Unless otherwise required by the DGCL, notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

(c) Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a waiver of notice is executed, or waiver of notice by electronic transmission is provided, before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

(d) The Board of Directors may postpone and reschedule any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I of these By-laws or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under this Article I of these By-laws.

(e) The presiding officer may adjourn any meeting of stockholders whether or not a quorum is present. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and place, if any, to which the meeting is adjourned and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting; provided, however, that if the adjournment is for more than thirty (30) days from the meeting date, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or these By-laws, is entitled to such notice.

(f) The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the Corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the presiding officer of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding officer shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a nomination or matter or business was not properly brought before the meeting and if such presiding officer should so determine, such presiding officer shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the presiding officer, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The presiding officer of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted. The presiding officer of the meeting shall have the power, right and authority, for any or no reason, to convene, recess and/or adjourn any meeting of stockholders.

SECTION 5. Quorum. A majority of the voting power of the outstanding shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 4 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 6. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the stock ledger of the Corporation as of the record date, unless otherwise provided by law or by the Certificate. Stockholders may vote either (i) in person, (ii) by written proxy or (iii) by a transmission permitted by

Section 212(c) of the DGCL. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission permitted by Section 212(c) of the DGCL may be substituted for or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Proxies shall be filed in accordance with the procedures established for the meeting of stockholders. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

SECTION 7. Action at Meeting. When a quorum is present at any meeting of stockholders, any matter before any such meeting (other than an election of a director or directors) shall be decided by a majority of the votes properly cast for and against such matter, except where a larger vote is required by law, by the Certificate or by these By-laws. Any election of directors by stockholders shall be determined by a plurality of the votes properly cast on the election of directors.

SECTION 8. Stockholder Lists. The Secretary or an Assistant Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least ten (10) days before every Annual Meeting or special 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 a period of at least ten (10) days prior to the meeting as provided in the manner, and subject to the terms, set forth in Section 219 of the DGCL (or any successor provision). The list shall also be open to the examination of any stockholder.

SECTION 9. Presiding Officer. The Chairman of the Board shall preside over all Annual Meetings or special meetings of stockholders. If there is no Chairman of the Board or the Chairman of the Board is unable to so preside or is absent, then Board of Directors shall designate a representative. The presiding officer at any Annual Meeting or special meeting of stockholders shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 4 and 5 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer.

SECTION 10. Inspectors of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall perform such duties as are required by the DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other

persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

ARTICLE II

Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, the number of Directors of the Corporation shall be fixed solely and exclusively by the affirmative vote of sixty-six and two-thirds percent (66 ⅔%) of the remaining Directors then in office, even if less than a quorum of the Board of Directors, and not by the stockholders. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Qualification. No director need be a stockholder of the Corporation.

SECTION 4. Vacancies. Vacancies in the Board of Directors shall be filled in the manner provided in the Certificate.

SECTION 5. Removal. Directors may be removed from office only in the manner provided in the Certificate.

SECTION 6. Resignation. A director may resign at any time by electronic transmission or by giving written notice to the Chairman of the Board, if one is elected, the President or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 7. Regular Meetings. The regular annual meeting of the Board of Directors shall be held, without notice other than this Section 7, on the same date and at the same place as the Annual Meeting following the close of such meeting of stockholders. Other regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine.

SECTION 8. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairman of the Board, if one is elected, or the President. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 9. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairman of the Board, if one is elected, or the President or such other officer designated by the Chairman of the Board, if one is elected, or the President. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, electronic mail or other form of electronic communication, sent to his or her business or home address, at least twenty-four (24) hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least forty-eight (48) hours in advance of the meeting. Such notice shall be deemed to be delivered when hand-delivered to such address, read to such director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if sent by facsimile transmission or by electronic mail or other form of electronic communications. A written waiver of notice signed or electronically transmitted before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these By-laws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 10. Quorum. At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present. For purposes of this section, the total number of directors includes any unfilled vacancies or newly created directorships on the Board of Directors.

SECTION 11. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of the directors shall constitute action by the Board of Directors, unless otherwise required by law, by the Certificate or by these By-laws.

SECTION 12. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the records of the meetings of the Board of Directors. 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. Such consent shall be treated as a resolution of the Board of Directors for all purposes.

SECTION 13. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

SECTION 14. Chairman of the Board. The Board of Directors may elect or remove, by the affirmative vote of at least a majority of the directors then in office, a Chairman of the Board. Any Chairman of the Board must be a director of the Corporation and must not be an officer or employee of the Corporation. The Chairman of the Board shall preside at all meetings of the Board of Directors and at all meetings of the stockholders and, subject to the provisions of these By-laws and the direction of the Board of Directors, the Chairman of the Board shall have such powers and perform such duties that are commonly incident to the position of chairman of the board or as may be prescribed from time to time by the Board of Directors or provided in these By-laws. If the Chairman of the Board, if one is elected, is unable to preside or is absent, the Board of Directors shall designate an alternate representative to preside over meetings of the Board of Directors and meetings of the stockholders.

SECTION 15. Committees. The Board of Directors, by vote of a majority of the directors then in office, may elect one or more committees, including, without limitation, a Compensation Committee, a Nominating & Corporate Governance Committee (which may be combined with the Compensation Committee) and an Audit Committee, and may delegate thereto some or all of its powers except those which by law, by the Certificate or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors.

ARTICLE III

Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a President, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairman of the Board of Directors, a Chief Executive Officer and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

SECTION 2. Election. At the regular annual meeting of the Board of Directors following the Annual Meeting, the Board of Directors shall elect the President, the Treasurer and the Secretary. Other officers may be elected by the Board of Directors at such regular annual meeting of the Board of Directors or at any other regular or special meeting.

SECTION 3. Qualification. No officer need be a stockholder or a director. Any person may occupy more than one office of the Corporation at any time.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these By-laws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors following the next Annual Meeting and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation. Any officer may resign by delivering his or her written or electronically transmitted resignation to the Corporation addressed to the President or the Secretary, and such resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 6. Removal. Except as otherwise provided by law or by resolution of the Board of Directors, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office.

SECTION 7. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 8. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 9. President. The President shall, subject to the direction of the Board of Directors, have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 10. Chief Executive Officer. The Chief Executive Officer, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 11. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 12. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board of Directors) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by

any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities. Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Other Powers and Duties. Subject to these By-laws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

ARTICLE IV

Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by any two authorized officers of the Corporation. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such 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 or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. Notwithstanding anything to the contrary provided in these Bylaws, the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares (except that the foregoing shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation), and by the approval and adoption of these Bylaws the Board of Directors has determined that all classes or series of the Corporation's stock may be uncertificated, whether upon original issuance, re-issuance, or subsequent transfer.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock that are represented by a certificate may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. Shares of stock that are not represented by a certificate may be transferred on the books of the Corporation by submitting to the Corporation or its transfer agent such evidence of transfer and following such other procedures as the Corporation or its transfer agent may require.

SECTION 3. Record Holders. Except as may otherwise be required by law, by the Certificate or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

SECTION 4. Record Date. 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 of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (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; and (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 of Directors adopts the resolution relating thereto.

SECTION 5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock of the Corporation, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V

Indemnification

SECTION 1. Definitions. For purposes of this Article:

(a) “Corporate Status” describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, (iii) as a Non-Officer Employee of the Corporation, or (iv) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), a Director, Officer or Non-Officer Employee of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, “Corporate Status” shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person’s activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) “Director” means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) “Disinterested Director” means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) “Expenses” means all attorneys’ fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) “Liabilities” means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement;

(f) “Non-Officer Employee” means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) “Officer” means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation;

(h) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(i) “Subsidiary” shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) fifty percent (50%) or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) fifty percent (50%) or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

SECTION 2. Indemnification of Directors and Officers.

(a) Subject to the operation of Section 4 of this Article V of these By-laws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), and to the extent authorized in this Section 2.

(1) Actions, Suits and Proceedings Other than By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(2) Actions, Suits and Proceedings By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Corporation, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made under this Section 2(a)(2) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent that, the Court of Chancery or another court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deems proper.

(3) Survival of Rights. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives.

(4) Actions by Directors or Officers. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding (including any parts of such Proceeding not initiated by such Director or

Officer) was authorized in advance by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce such Officer's or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these By-laws in accordance with the provisions set forth herein.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V of these By-laws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors of the Corporation.

SECTION 4. Determination. Unless ordered by a court, no indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that 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 Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

SECTION 5. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within thirty (30) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all

Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding (including any parts of such Proceeding not initiated by such Director) was (i) authorized by the Board of Directors of the Corporation, or (ii) brought to enforce such Director's rights to indemnification or advancement of Expenses under these By-laws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within thirty (30) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article V shall not be a defense to an action brought by a Director for recovery of the unpaid amount of an advancement claim and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such person is involved by reason of his or her Corporate Status as an Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer or Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such person to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 7. Contractual Nature of Rights.

(a) The provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, in consideration of such person's past or current and any future performance of services for the Corporation. Neither amendment, repeal or modification of any provision of this Article V nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Article V shall eliminate or reduce any right conferred by this Article V in respect of any act or omission occurring, or any cause of action or claim that accrues or arises or any state of facts existing, at the time of or before such amendment, repeal, modification or adoption of an inconsistent provision (even in the case of a proceeding based on such a state of facts that is commenced after such time), and all rights to indemnification and advancement of Expenses granted herein or arising out of any act or omission shall vest at the time of the act or omission in question, regardless of when or if any proceeding with respect to such act or omission is commenced. The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this Article V 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 distributes of such person.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within sixty (60) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to an action brought by a Director or Officer for recovery of the unpaid amount of an indemnification claim and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and to advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

SECTION 10. Other Indemnification. The Corporation's obligation, if any, to indemnify or provide advancement of Expenses to any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or

agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification or advancement of Expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise (the "Primary Indemnitor"). Any indemnification or advancement of Expenses under this Article V owed by the Corporation as a result of a person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

ARTICLE VI

Miscellaneous Provisions

SECTION 1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chairman of the Board, if one is elected, the President or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors or the executive committee of the Board may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairman of the Board, if one is elected, the President or the Treasurer may waive notice of and act on behalf of the Corporation (including with regard to voting and actions by written consent), or appoint another person or persons to act as proxy or attorney in fact for the Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by the Corporation.

SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at an office of its counsel, at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Certificate. All references in these By-laws to the Certificate shall be deemed to refer to the Amended and Restated Certificate of Incorporation of the Corporation, as amended and/or restated and in effect from time to time.

SECTION 8. Amendment of By-laws. These By-laws may be altered, amended or repealed in accordance with the Certificate and the DGCL.

SECTION 9. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

SECTION 10. Waivers. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in such a waiver.

Adopted March 15, 2017, subject to and effective upon the closing of the Corporation's alternative public offering on its merger with Aerpio Therapeutics, Inc.

Exhibit 3.4

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION OF
ZETA ACQUISITION CORP. II

ZETA ACQUISITION CORP. II. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: That the Board of Directors of the Corporation duly adopted resolutions by unanimous written consent in lieu of a meeting in accordance with Section 141(f) of the Delaware General Corporation Law, setting forth a proposed amendment of the Certificate of Incorporation of said Corporation, declaring said amendment to be advisable. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of the Corporation be amended by changing the Article thereof numbered 1 so that, as amended, said Article shall be and read as follows:

1. The name of the Corporation is AERPIO PHARMACEUTICALS, INC.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, said amendment was duly adopted in accordance with Section 242(a)(1) of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed this 15th day of March, 2017.

By: /s/ John Pappajohn
Authorized Officer
Title: President
Name: John Pappajohn

Exhibit 4.1

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD IN ACCORDANCE WITH RULE 144 UNDER SUCH ACT.

WARRANT NO. 2017-[ ] NUMBER OF SHARES: [ ]
DATE OF ISSUANCE: March [ ], 2017 (subject to adjustment hereunder)
EXPIRATION DATE: March [ ], 2020

WARRANT TO PURCHASE SHARES OF COMMON STOCK OF

AERPIO PHARMACEUTICALS, INC.

This Warrant is issued to [ ], or its registered assigns (including any successors or assigns, the "**Warrantholder**"), in connection with that certain Subscription Agreement, dated as of March [ ], 2017, by and among Aerpio Pharmaceuticals, Inc. (f/k/a Zeta Acquisition Corp. II), a Delaware corporation (the "**Company**"), and each of those persons and entities listed as a Purchaser on Annex A thereto (the "**Purchase Agreement**").

1. EXERCISE OF WARRANT.

(a) Number and Exercise Price of Warrant Shares; Expiration Date. Subject to the terms and conditions set forth herein and set forth in the Purchase Agreement, the Warrantholder is entitled to purchase from the Company up to [ ] shares of the Company's Common Stock, $0.0001 par value per share (the "**Common Stock**") (as adjusted from time to time pursuant to the provisions of this Warrant) (the "**Warrant Shares**"), at a purchase price of $5.00 per share (the "**Exercise Price**"), on or before 5:00 p.m. New York City time on March [ ], 2020 (the "**Expiration Date**") (subject to earlier termination of this Warrant as set forth herein).

(b) Method of Exercise. While this Warrant remains outstanding and exercisable in accordance with Section 1(a) above, the Warrantholder may exercise this Warrant in accordance with Section 5 herein, by either:

(1) wire transfer to the Company or cashier's check drawn on a United States bank made payable to the order of the Company, or

(2) exercising of the right to credit the Exercise Price against the Fair Market Value of the Warrant Shares (as defined below) at the time of exercise (the "**Net Exercise**") pursuant to Section 1(c).

Notwithstanding anything herein to the contrary, the Warrantholder shall not be required to physically surrender this Warrant to the Company until the Warrantholder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Warrantholder shall surrender this Warrant to the Company for cancellation within three (3) trading days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Warrantholder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases.

(c) Net Exercise. If the Company shall receive written notice from the Warrantholder at the time of exercise of this Warrant that the holder elects to Net Exercise the Warrant, the Company shall deliver to such Warrantholder (without payment by the Warrantholder of any exercise price in cash) that number of Warrant Shares computed using the following formula:

$$X = \frac{Y\,(A - B)}{A}$$

Where

X = The number of Warrant Shares to be issued to the Warrantholder.

Y = The number of Warrant Shares purchasable under this Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being cancelled (at the date of such calculation).

A = The Fair Market Value of one (1) share of Common Stock on the trading date immediately preceding the date on which Warrantholder elects to exercise this Warrant.

B = The Exercise Price (as adjusted hereunder).

The "**Fair Market Value**" of one share of Common Stock shall mean (x) the last reported sale price and, if there are no sales, the last reported bid price, of the Common Stock on the business day prior to the date of exercise on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial Markets (or a comparable reporting service of national reputation selected by the Company and reasonably acceptable to the holder if Bloomberg Financial Markets is not then reporting sales prices of the Common Stock) (collectively, "**Bloomberg**"), (y) if the foregoing does not apply, the last sales price of the Common Stock in the over-the-counter market on the pink sheets or bulletin board for such security as reported by Bloomberg, and, if there are no sales, the last reported bid price of the Common Stock as reported by Bloomberg or, (z) if fair market value cannot be calculated as of such date on either of the foregoing bases, the price determined in good faith by the Company's Board of Directors.

"**OTC Markets**" shall mean either OTC QX or OTC QB of the OTC Markets Group, Inc.

"**Trading Market**" shall mean any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, the New York Stock Exchange or the OTC Markets (or any successors to any of the foregoing).

(d) Deemed Exercise. In the event that immediately prior to the close of business on the Expiration Date, the Fair Market Value of one share of Common Stock (as determined in accordance with Section 1(c) above) is greater than the then applicable Exercise Price, this Warrant shall be deemed to be automatically exercised on a net exercise issue basis pursuant to Section 1(c) above, and the Company shall deliver the applicable number of Warrant Shares to the Warrantholder pursuant to the provisions of Section 1(c) above and this Section 1(d).

2. CERTAIN ADJUSTMENTS.

(a) Adjustment of Number of Warrant Shares and Exercise Price. The number and kind of Warrant Shares purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(1) Subdivisions, Combinations and Other Issuances. If the Company shall at any time after the Date of Issuance but prior to the Expiration Date subdivide its shares of capital stock of the same class as the Warrant Shares, by split-up or otherwise, or combine such shares of capital stock, or issue additional shares of capital stock as a dividend with respect to any shares of such capital stock, the number of Warrant Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price payable per share, but the aggregate Exercise Price payable for the total number of Warrant Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 2(a)(1) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(2) Reclassification, Reorganizations and Consolidation. In case of any reclassification, capital reorganization or change in the capital stock of the Company (other than as a result of a subdivision, combination or stock dividend provided for in Section 2(a)(1) above) that occurs after the Date of Issuance, then, as a condition of such reclassification, reorganization or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Warrantholder, so that the Warrantholder shall thereafter have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and/or other securities or property (including, if applicable, cash) receivable in connection with such reclassification, reorganization or change by a holder of the same number and type of securities as were purchasable as Warrant Shares by the Warrantholders immediately prior to such reclassification, reorganization or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the

Warrantholder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities or property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price payable hereunder, provided the aggregate Exercise Price shall remain the same (and, for the avoidance of doubt, this Warrant shall be exclusively exercisable for such shares of stock and/or other securities or property from and after the consummation of such reclassification or other change in the capital stock of the Company).

(b) Notice to Warrantholder. If, while this Warrant is outstanding, the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including, without limitation, any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Change of Control or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Warrantholder a notice of such transaction at least ten (10) business days prior to the applicable record or effective date on which a person would need to hold Common Stock in order to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

(c) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest whole share, as the case may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(d) Treatment of Warrant upon a Change of Control.

(1) If, at any time while this Warrant is outstanding, the Company consummates a Change of Control, then a holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Change of Control if it had been, immediately prior to such Change of Control, a holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The Company shall use commercially reasonable efforts to cause any successor to the Company, surviving entity or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity to assume the obligation to deliver to the holder, such Alternate Consideration as, in accordance with the foregoing provisions, the holder may be entitled to purchase, and the other obligations under this Warrant.

(2) As used in this Warrant, a "**Change of Control**" shall mean (i) a merger or consolidation of the Company with another corporation (other than a merger effected exclusively for the purpose of changing the domicile of the Company), (ii) the sale, assignment, transfer, conveyance or other disposal of all or substantially all of the properties or assets or all or a majority of the outstanding voting shares of capital stock of the Company, (iii) a purchase, tender or exchange offer accepted by the holders of a majority of the outstanding voting shares of capital stock of the Company, or (iv) a "person" or "group" (as these terms are used for purposes of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange**

Act")) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly at least a majority of the voting power of the capital stock of the Company; provided that the Merger (as defined in the Purchase Agreement) shall not be deemed to be a Change of Control for purposes of this Warrant; and provided further, that a transaction in which the Company is issuing securities primarily for the purpose of raising capital shall not be deemed to be a Change of Control for purposes of this Warrant.

3. NO FRACTIONAL SHARES. No fractional Warrant Shares or scrip representing fractional shares will be issued upon exercise of this Warrant. In lieu of any fractional shares which would otherwise be issuable, the Company shall pay cash equal to the product of such fraction multiplied by the Fair Market Value of one Warrant Share.

4. NO STOCKHOLDER RIGHTS. Until the exercise of this Warrant or any portion of this Warrant, the Warrantholder shall not have, nor exercise, any rights as a stockholder of the Company (including without limitation the right to notification of stockholder meetings or the right to receive any notice or other communication concerning the business and affairs of the Company) except as provided in Section 8 below.

5. MECHANICS OF EXERCISE.

(a) Delivery of Warrant Shares Upon Exercise. This Warrant may be exercised by the holder hereof, in whole or in part, by delivering to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Warrantholder at the address of the Warrantholder appearing on the books of the Company) of a duly completed and executed copy of the Notice of Exercise in the form attached hereto as Exhibit A by facsimile or e-mail attachment and paying the Exercise Price (unless the Warrantholder has elected to Net Exercise) then in effect with respect to the number of Warrant Shares as to which the Warrant is being exercised. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of the delivery to the Company of the Notice of Exercise as provided above, and the person entitled to receive the Warrant Shares issuable upon such exercise shall be treated for all purposes as the holder of such shares of record as of the close of business on such date. Warrant Shares purchased hereunder shall be transmitted by the Company's transfer agent to the holder by crediting the account of the holder's prime broker with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("**DWAC**") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the holder or (B) the shares are eligible for resale by the holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery to the address specified by the holder in the Notice of Exercise by the end of the day (such date, the "**Warrant Share Delivery Date**") on the date that is three (3) trading days from the delivery to the Company of the Notice of Exercise and payment of the aggregate Exercise Price (unless exercised by means of a cashless exercise pursuant to Section 1(c)). The Warrant Shares shall be deemed to have been issued, and the holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by Net Exercise) and all taxes required to be paid by the holder, if any, prior to the issuance of such shares, having been paid.

(b) Rescission Rights. If the Company fails to cause the transfer agent to transmit to the Warrantholder the Warrant Shares pursuant to Section 5(a) by the Warrant Share Delivery Date, then the Warrantholder will have the right to rescind such exercise.

(c) Warrantholder's Exercise Limitations. A holder shall not have the right to exercise this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the holder (together with the holder's affiliates, and any other persons acting as a group together with the holder or any of the holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the holder or any of its affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other convertible notes or convertible preferred stock or warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the holder or any of its affiliates. Except as set forth in the preceding sentence, for purposes of this section, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the holder that the Company is not representing to the holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 5(c) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the holder together with any affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the holder, and the submission of a Notice of Exercise shall be deemed to be the holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the holder together with any affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination and shall have no liability for exercise of the Warrant that are not in compliance with the Beneficial Ownership Limitation. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 5(c), in determining the number of outstanding shares of Common Stock, a holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the U.S. Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a holder, the Company shall within two (2) trading days confirm in writing to the holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the holder or its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial**

Ownership Limitation" shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in strict conformity with the terms of this Section 5(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

6. CERTIFICATE OF ADJUSTMENT. Whenever the Exercise Price or number or type of securities issuable upon exercise of this Warrant is adjusted, as herein provided, the Company shall, at its expense, promptly deliver to the Warrantholder a certificate of an officer of the Company setting forth the nature of such adjustment and showing in detail the facts upon which such adjustment is based.

7. COMPLIANCE WITH SECURITIES LAWS.

(a) The Warrantholder understands that this Warrant and the Warrant Shares are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations this Warrant and the Warrant Shares may be resold without registration under the Securities Act only in certain limited circumstances. In this connection, the Warrantholder represents that it is familiar with Rule 144 under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The Warrantholder represents, covenants and agrees that as of the date hereof, it is, and on each date on which it exercises the Warrants it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act.

(b) Prior and as a condition to the sale or transfer of the Warrant Shares issuable upon exercise of this Warrant, the Warrantholder shall furnish to the Company such certificates, representations, agreements and other information, including an opinion of counsel, as the Company or the Company's transfer agent reasonably may require to confirm that such sale or transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, unless such Warrant Shares are being sold or transferred pursuant to an effective registration statement.

(c) The Warrantholder acknowledges that the Company may place a restrictive legend on the Warrant Shares issuable upon exercise of this Warrant in order to comply with applicable securities laws, in substantially the following form and substance, unless such Warrant Shares are otherwise freely tradable under Rule 144 of the Securities Act or pursuant to an effective registration statement:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN

RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO A TRANSACTION WHICH IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION, UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE LAWS."

8. REPLACEMENT OF WARRANTS. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of such Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. NO IMPAIRMENT. Except to the extent as may be waived by the holder of this Warrant, the Company will not, by amendment of its charter or through a Change of Control, dissolution, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

10. TRADING DAYS. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be other than a day on which the Common Stock is traded on the Trading Market, then such action may be taken or such right may be exercised on the next succeeding day on which the Common Stock is so traded.

11. TRANSFERS; EXCHANGES.

(a) Subject to compliance with applicable federal and state securities laws and Section 7 hereof, this Warrant may be transferred by the Warrantholder to any Affiliate (as defined below) with respect to any or all of the Warrant Shares purchasable hereunder (a "**Permitted Transfer**"). For a transfer of this Warrant as an entirety by the Warrantholder, upon surrender of this Warrant to the Company, together with the Notice of Assignment in the form attached hereto as Exhibit B duly completed and executed on behalf of the Warrantholder, the Company shall issue a new Warrant of the same denomination to the assignee. For a transfer of this Warrant with respect to a portion of the Warrant Shares purchasable hereunder, upon

surrender of this Warrant to the Company, together with the Notice of Assignment in the form attached hereto as Exhibit B duly completed and executed on behalf of the Warrantholder, the Company shall issue a new Warrant to the assignee, in such denomination as shall be requested by the Warrantholder, and shall issue to the Warrantholder a new Warrant covering the number of shares in respect of which this Warrant shall not have been transferred. The term "**Affiliate**" as used herein means, with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, and any officers, employees or partners of the Warrantholder.

(b) Upon any Permitted Transfer, this Warrant is exchangeable, without expense, at the option of the Warrantholder, upon presentation and surrender hereof to the Company for other warrants of different denominations entitling the holder thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. This Warrant may be divided or combined with other warrants that carry the same rights upon presentation hereof at the principal office of the Company together with a written notice specifying the denominations in which new warrants are to be issued to the Warrantholder and signed by the Warrantholder hereof. The term "**Warrants**" as used herein includes any warrants into which this Warrant may be divided or exchanged.

12. VALID ISSUANCE; AUTHORIZED SHARES. The Company hereby represents, covenants and agrees that: (i) this Warrant is duly authorized and validly issued;: (ii) the issuance of this Warrant shall constitute full authority to the Company's officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant; (iii) all Warrant Shares issuable upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith shall be, upon issuance, and the Company shall take all such reasonable actions as may be necessary or appropriate in order that such Warrant Shares are, validly issued, fully paid and non-assessable, free and clear of all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue); (iv) the Company shall take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be quoted or listed; (v) during the period the Warrant is outstanding, the Company shall reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant; and (vi) the Company shall use its reasonable efforts to cause the Warrant Shares, immediately upon such exercise, to be listed on the Trading Market which shares of Common Stock or other securities constituting Warrant Shares are quoted or listed at the time of such exercise.

13. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the State of New York, both substantive and remedial, without regard to New York conflicts of law principles. Any judicial proceeding brought under this Agreement or any dispute arising out of this Agreement or any matter related hereto shall be brought in the courts of the State of New York, New York County, or in the United States District Court for the Southern District of New York.

(b) All notices, requests, consents and other communications hereunder shall be in writing, shall be sent by confirmed facsimile or electronic mail, or mailed by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, and shall be deemed given when so sent in the case of facsimile or electronic mail transmission, or when so received in the case of mail or courier, and addressed as follows: (a) if to the Company, at 9987 Carver Road, Suite 420, Cincinnati, OH 45242, Attention: Joseph Gardner, Chief Executive Officer, Facsimile: 513-985-0999, Email: jgardner@aerpio.com; with a copy to (which shall not constitute notice) Goodwin Procter LLP, 100 Northern Avenue, Boston, MA 02210, Attention: Kingsley Taft and Danielle Lauzon, Esq., Facsimile: 617-801-8775, E-Mail:ktaft@goodwinlaw.com and dlauzon@goodwinlaw.com; and (b) if to the Warrantholder, at such address or addresses (including copies to counsel) as may have been furnished by the Warrantholder to the Company in writing.

(c) The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provisions.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Common Stock Purchase Warrant is issued effective as of the date first set forth above.

AERPIO PHARMACEUTICALS, INC.

By: _____
Name: Joseph Gardner
Title: Chief Executive Officer

[*Signature Page to Warrant No. 2017-[ ]*]

EXHIBIT A

NOTICE OF EXERCISE
(To be signed only upon exercise of Warrant)

To: Aerpio Pharmaceuticals, Inc.

The undersigned, the Warrantholder of the attached Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ (_____) shares of Common Stock of Aerpio Pharmaceuticals, Inc. and (choose one)

_____ herewith makes payment of _____ Dollars ($_____) thereof

or

_____ elects to Net Exercise the Warrant pursuant to Section 1(b)(2) thereof.

The undersigned requests that the certificates or book entry position evidencing the shares to be acquired pursuant to such exercise be issued in the name of, and delivered to _____, whose address is _____
_____.

By its signature below the undersigned hereby represents and warrants that it is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and agrees to be bound by the terms and conditions of the attached Warrant as of the date hereof, including Section 7 thereof.

DATED: _____

(Signature must conform in all respects to name of the Warrantholder as specified on the face of the Warrant)

_____
[_____]
Address:_____

_____

_____

EXHIBIT B

NOTICE OF ASSIGNMENT FORM

FOR VALUE RECEIVED, [_____] (the "Assignor") hereby sells, assigns and transfers all of the rights of the undersigned Assignor under the attached Warrant with respect to the number of shares of common stock of Aerpio Pharmaceuticals, Inc. (the "Company") covered thereby set forth below, to the following "Assignee" and, in connection with such transfer, represents and warrants to the Company that the transfer is in compliance with Section 7 of the Warrant and applicable federal and state securities laws:

NAME OF ASSIGNEE ADDRESS/FAX NUMBER

Number of shares:_____

Dated:_____ Signature: _____

Witness: _____

ASSIGNEE ACKNOWLEDGMENT

The undersigned Assignee acknowledges that it has reviewed the attached Warrant and by its signature below it hereby represents and warrants that it is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and agrees to be bound by the terms and conditions of the Warrant as of the date hereof, including Section 7 thereof.

Signature: _____

By: _____

Its: _____

Address:

_____

_____

_____

AERPIO THERAPEUTICS, INC.
2011 EQUITY INCENTIVE PLAN

ARTICLE I
ESTABLISHMENT AND TERM

Section 1.01 Establishment; Definitions. This Plan was adopted by the Board effective December 22, 2011 (the "Effective Date"), and by the stockholders of the Corporation effective December 22, 2011. All capitalized terms used herein are defined herein or in Appendix A attached hereto.

Section 1.02 Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the tenth anniversary of the Effective Date. No Equity Awards may be granted under the Plan while the Plan is suspended or after it is terminated. Suspension or termination of the Plan shall not impair rights and obligations under any Equity Award granted while the Plan is in effect, except with the consent of the person to whom the Equity Award was granted.

ARTICLE II
STRUCTURE AND PURPOSE

Section 2.01 Structure of Plan. The Equity Awards issued under the Plan shall be either, in the discretion of the Board, (a) Options granted pursuant to Article VI hereof, including Incentive Stock Options and Non-statutory Stock Options, or (b) Stock bonuses or restricted Stock awards granted pursuant to Article VII hereof. All Options shall be designated as Incentive Stock Options or Non-statutory Stock Options at the time of grant.

Section 2.02 Purpose. The purpose of the Plan is to promote the interests of the Corporation by aligning the interests of selected eligible persons under the Plan with the interests of the stockholders of the Corporation and by providing to such persons an opportunity to obtain the benefits from ownership of the Corporation's Stock through the granting to such persons of Equity Awards. The Corporation, through the use of the Plan, seeks to attract and retain the services of Employees, Directors and Consultants, and to provide additional incentives for such persons apart from the provisions of their employment agreements or other arrangements with the Corporation or its Affiliates.

ARTICLE III
ADMINISTRATION

Section 3.01 Board; Delegation to Committee. The Board shall administer the Plan unless and until the Board delegates administration to a Committee. The Board may delegate administration of the Plan to a Committee composed of two or more members of the Board, composed solely of Outside Directors or composed, if applicable law permits, of one or more officers of the Corporation. If administration is delegated to a Committee, the Committee shall have, in administering the Plan, all of the powers that were possessed by the Board prior to such delegation, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. If administration is delegated to a Committee, all references in this Plan to the Board shall thereafter be to the Committee. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

Section 3.02 Administration. The Board shall have the power, consistent with the express provisions of the Plan:

(a) To determine from time to time which of the eligible persons under the Plan shall be granted Equity Awards;

(b) To determine whether an Equity Award shall be an Incentive Stock Option, a Non-statutory Stock Option, a Stock bonus, a restricted Stock award or a combination of the foregoing;

(c) To approve forms of Equity Award Agreements for use under the Plan;

(d) To determine the number of shares of Stock to be covered by each Equity Award granted hereunder;

(e) To determine how and when each Equity Award shall be granted, the provisions of each Equity Award granted (including, but not limited to, provisions setting forth or relating to exercise price, vesting schedule, vesting acceleration, forfeiture and rights of repurchase), and to provide for any and all other terms and conditions in an Equity Award which are not expressly prohibited by the Plan;

(f) To construe and interpret the Plan and Equity Awards granted under it, and to establish, amend and revoke rules and regulations for the administration of such Plan and Equity Awards;

(g) To correct any defect, omission or inconsistency in the Plan or in any Equity Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective;

(h) To amend the Plan or an Equity Award as provided in Article XI; and

(i) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Corporation that are not in conflict with the provisions of the Plan.

Any determination by the Board with respect to the matters referred to above shall be final and conclusive.

ARTICLE IV
ELIGIBILITY

Section 4.01 Persons Eligible for Equity Awards. Incentive Stock Options may be granted only to Employees who meet the definition of "employee" under Section 3401 (c) of the Code on the date of grant. Equity Awards other than Incentive Stock Options may be granted only to Employees, Directors or Consultants. The extent to which any such person shall be entitled to be granted Equity Awards pursuant to the Plan shall be determined in the sole and absolute discretion of the Board. Eligibility to participate does not confer upon any Employee any right to be granted Equity Awards and the acceptance of any Equity Award by an Employee is voluntary.

Section 4.02 Other Limitations. If any payment or right accruing to an individual under this Plan (without the application of this Section 4.02), either alone or together with other payments or rights accruing to such individual from the Corporation or an Affiliate of the Corporation ("**TOTAL PAYMENTS**"), would constitute a *"parachute payment"* (as defined in Section 280G of the Code), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under this Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code, provided that the foregoing shall not apply to the extent provided otherwise in an Equity Award Agreement or in the event the affected individual is party to an agreement with the Corporation or an Affiliate of the Corporation that explicitly provides for an alternate treatment of payments or rights that would constitute *"parachute payments."* If the Total Payments are subject to reduction under this Section 4.02, the Corporation shall reduce the Total Payments by first reducing or eliminating any cash payments to which the individual may be entitled (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of any Option or Stock under the Plan. The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Board in good faith after consultation with the affected individual, and such determination shall be conclusive and binding on such affected individual. The affected individual shall cooperate in good faith with the Board in making such determination and providing the necessary information for this purpose. The foregoing provisions of this Section 4.02 shall apply with respect to any person only if, after reduction for any applicable Federal excise tax imposed by Section 4999 of the Code and Federal income tax imposed by the Code, the Total Payments accruing to such person would be less than the amount of the Total Payments as reduced, if applicable, under the foregoing provisions of this Section 4.02 and after reduction for any applicable Federal income tax imposed by the Code. At the request of an affected individual, the Corporation shall use its reasonable best efforts to obtain approvals as may be required, including stockholder approvals, to cause payments made under this Plan to be exempt from the definition of *"parachute payments"* under

Section 280G of the Code, if such payments hereunder are made in connection with the events described under Section 280G of the Code. Notwithstanding any provision contained herein to the contrary, the Corporation shall not be responsible for the payment of any excise taxes incurred by any person under Section 4999 of the Code or for any tax gross-up payments at any time, including, but not limited to, in the event that the appropriate approvals are not obtained or in the event that exemptions to *"parachute payments"* no longer apply.

ARTICLE V
SHARES SUBJECT TO THE PLAN

Section 5.01 Authorized Shares. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, no more than [ ] shares of Stock may be issued pursuant to Equity Awards. All of the shares of Stock may be issued in the form of Incentive Stock Options. The number of shares of Stock reserved for issuance under this Plan may be increased from time to time as permitted by law.

Section 5.02 Calculation of Stock Available Under Plan. If any Equity Award shall for any reason expire, be cancelled, be forfeited or otherwise terminate, in whole or in part, without having been exercised in full, or if shares of Stock are not delivered because an Equity Award is settled in cash or because such shares of Stock are used to satisfy the exercise price, an applicable tax withholding obligation, in whole or in part, or if shares of Stock which originally underlay an Equity Award are repurchased or otherwise reacquired by the Corporation, the Stock not acquired or delivered or reacquired (as the case may be) under such Equity Award by the holder thereof shall revert to and again become available for issuance under the Plan. The Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

Section 5.03 Annual Limitations. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, the maximum number of shares of Stock that may be issued pursuant to Equity Awards in any consecutive twelve month period during the Term shall not exceed the limits imposed by Rule 701 under the Securities Act of 1933 and no holder shall be granted Equity Awards that in the aggregate exceed [ ] shares of Stock in any calendar year during the Term.

ARTICLE VI
TERMS OF OPTIONS

Section 6.01 Form of Option. Subject to the provisions of the Plan, each Option shall be in such form and shall contain such terms and conditions as the Board shall determine. The provisions of separate Options need not be identical.

Section 6.02 Term. No Option shall be exercisable after the expiration often (10) years from the date it was granted.

Section 6.03 Date of Grant. For purposes of determining the exercise price under Section 6.04, except as may be otherwise provided in an Equity Award, the grant date of an Option granted under this Plan shall be the date as of which the Committee approves the Option if the Option is a unilateral grant and shall be the date on which the later of the Optionee and an authorized officer of the Corporation executes the Option if the Option is a bilateral grant.

Section 6.04 Exercise Price. The exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Stock subject to the Option on the date the Option is granted. The exercise price of each Non-statutory Stock Option shall be the exercise price determined by the Board. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Non-statutory Stock Option) may be granted with an exercise price lower than that otherwise provided in this Section 6.03 if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) and Section 409A of the Code.

Section 6.05 Exercise of Options. Subject to the provisions of Section 6.07, an Optionee may at any time prior to the expiration or termination of an Option elect to purchase all or a portion of the Stock subject to such Option which such holder is then entitled to purchase by delivering to the Corporation a completed Stock Purchase Agreement specifying the number of shares of Stock the Participant desires to purchase. An Option may be exercised for whole shares of Stock only. The Stock Purchase Agreement shall be accompanied by payment of the applicable exercise price for Stock being acquired. Subject to the provisions of the Equity Award Agreement, the Corporation shall cause to be delivered to the holder a certificate for the shares of Stock so purchased. If the number of shares so purchased is less than the number of shares of Stock subject to the Option, the Corporation shall deliver to the holder a memorandum of the number of shares in respect of which the Option has been exercised and the number of shares which remain subject to the Option.

Section 6.06 Payment. The entire purchase price of Stock acquired pursuant to an Option shall be payable in full by, as applicable, cash or check for an amount equal to the aggregate purchase price for the number of shares being purchased, or in the discretion of the Administrator, upon any of the following terms: (i) by a copy of instructions to a broker directing such broker to sell the number of shares of Stock for which an Option is exercised, and to remit to the Corporation the aggregate purchase price of such shares; (ii) by paying all or a portion of the purchase price by tendering shares of Stock owned by the Optionee, duly endorsed for transfer to the Corporation, with a Fair Market Value on the date of delivery equal to the aggregate purchase price with respect to the number of shares of Stock for which an Option is exercised; (iii) by a share-for-share exercise by means of attestation whereby the Optionee identifies for delivery specific shares of Stock already owned by the Optionee and receives a number of shares of Stock equal to the difference between the Option thereby exercised and the identified attestation shares of Stock; or (iv) by directing the Corporation in writing to deliver to the Optionee a number of shares equal to the number of shares for which the Option is exercised less a number of shares with a Fair Market Value on the date of exercise equal to the aggregate purchase price of the shares for which the Option is exercised.

Section 6.07 Transferability. An Incentive Stock Option and, unless otherwise provided in an Equity Award Agreement, a Non-statutory Stock Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the person to whom the Option is granted only by such person.

Section 6.08 Vesting. Subject to the provisions of the Plan, the Board, in its discretion, shall determine at the time of grant the time when an Option vests, becomes exercisable and shall expire, and such determinations shall be set forth in the applicable Equity Award Agreement. An Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate, and the Board may provide for early exercise ofunvested Options (with the Stock received therefor being itself subject to vesting) if expressly set forth in an Equity Award Agreement. Unless otherwise approved by the Board and set forth in writing by an authorized officer of the Corporation, an Option shall cease vesting upon the Optionee's Termination, regardless of whether or not the Optionee was given requisite notice of Termination of such Optionee's employment by the Corporation or by any Affiliate of the Corporation.

Section 6.09 Termination of Employment or Relationship as a Director or Consultant. An Option will expire immediately upon the Optionee's Termination for Cause. Unless otherwise provided in the Equity Award Agreement relating to an Option, in the event of an Optionee's Termination for reasons other than Cause, the Optionee's death or the Optionee's Disability, the Optionee may exercise the Option to the extent of the shares in respect of which such Option is exercisable on the date notice of Termination is given to the Optionee by the Corporation or any Affiliate of the Corporation at any time beginning on such date and ending on the earlier of (a) the date thirty (30) days after such notice of Termination is delivered to the Optionee, or (b) the expiration of the term of the Option as set forth in the Equity Award Agreement. The time period for the exercise of such Options applies regardless of the sufficiency or the length of notice of Termination given by the Corporation or any Affiliate of the Corporation to the Optionee.

Section 6.10 Disability of Optionee. Unless otherwise provided in the Equity Award Agreement relating to an Option, in the event of a Termination as a result of the Optionee's Disability, the Optionee may exercise the Option to the extent of the shares of Stock in respect of which such Option is exercisable on the date notice of Termination is given to the Optionee by the Corporation or any Affiliate of the Corporation at any time beginning on such date and ending on the earlier of (a) the one year anniversary of the date such notice of Termination is delivered to the Optionee, or (b) the expiration of the term of the Option as set forth in the Equity Award Agreement.

Section 6.11 Death of Optionee. Unless otherwise provided in the Equity Award Agreement relating to an Option, in the event of a Termination as a result of the Optionee's death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option to the extent of the Shares in respect of which such Option is exercisable on the date of death at any time beginning on such date and ending on the earlier of (a) the first anniversary of the date of death, or (b) the expiration of the term of the Option as set forth in the Equity Award Agreement.

Section 6.12 Incentive Stock Option Limitations. The following limitations shall apply to a grant of an Incentive Stock Option:

(a) If, at the time of the grant of an Incentive Stock Option, the Optionee owns (or is deemed to own pursuant to Section 424(d) of the Code) equity securities possessing more than ten percent (10%) of the total combined voting power of all classes of equity securities of the Corporation or of any of its Affiliates, the exercise price of such Incentive Stock Option shall be at least one hundred and ten percent (110%) of the Fair Market Value of such Stock on the date of grant and the Incentive Stock Option shall terminate on the date that is within five (5) years after the date of grant.

(b) If the aggregate Fair Market Value (determined as of the time the Incentive Stock Option with respect to such Stock is granted) of Stock with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Corporation and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof that exceed such limit shall be treated as Non-statutory Stock Options.

Section 6.13 Cancellation and Regrant. The Board shall have the authority to effect, at any time and from time to time, (a) the repricing of any outstanding Options under the Plan, or (b) with the consent of the affected holders of Options, the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different numbers of shares of Stock and having an exercise price per share as determined by the Board.

Section 6.14 Qualification of Incentive Stock Options. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify the Plan under Section 422 of the Code or, without the written consent of the Optionee affected, to disqualify any Incentive Stock Option under Section 422 of the Code.

ARTICLE VII
TERMS OF STOCK BONUSES AND RESTRICTED STOCK AWARDS

Section 7.01 Form of Stock Bonus or Restricted Stock Award. Subject to the provisions of the Plan, each Stock bonus or restricted Stock award shall be in such form and shall contain such terms and conditions as the Board shall determine. The provisions of separate Stock bonuses or restricted Stock awards need not be identical.

Section 7.02 Date of Grant. Except as may be otherwise provided in an Equity Award, the grant date of a Stock Bonus or Restricted Stock Award granted under this Plan shall be the date as of which the Committee approves the award if the Stock Bonus or Restricted Stock Award is a unilateral grant and shall be the date on which the later of the holder and an authorized officer of the Corporation executes the award if the Stock Bonus or Restricted Stock Award is a bilateral grant.

Section 7.03 Purchase Price. The purchase price, if any, for any Stock granted as a Stock bonus or restricted Stock award shall be such amount as the Board shall determine and designate in the Equity Award Agreement. Notwithstanding the foregoing, the Board may determine that eligible participants in the Plan may be awarded Stock in consideration for past services rendered to the Corporation or an Affiliate thereof or for the benefit of the Corporation or an Affiliate thereof. Upon the award of any Stock bonus or restricted Stock award and the payment of any purchase price, if applicable, the holder of such Stock bonus or restricted Stock award shall deliver to the Corporation a completed Stock Purchase Agreement.

Section 7.04 Transferability. Unless otherwise provided in the Equity Award Agreement and subject to the provisions of any applicable buy-sell or similar agreements, Stock awarded or purchased pursuant to this Article VII shall not be transferable except by will or by the laws of descent and distribution, or except in connection with a Corporate Transaction, until such time as any vesting restrictions and/or repurchase rights thereon shall lapse.

Section 7.05 Payment. Unless otherwise provided in the applicable Equity Award Agreement, the purchase price, if any, of Stock acquired pursuant to a Stock bonus or restricted Stock award shall be paid in cash (by check) or, in the discretion of the Board, by promissory note (with terms determined by it in its discretion) prior to the issuance of any Stock pursuant to such award.

Section 7.06 Vesting. Subject to the provisions of the Plan, the Board, in its discretion, shall determine whether shares of Stock sold or awarded under Article VII of the Plan shall be subject to vesting or to repurchase by the Corporation, and the time or times when such vesting restrictions and/or repurchase rights shall lapse, and such determinations shall be set forth in the applicable Equity Award Agreement. An Equity Award may be subject to such other terms and conditions on the time or times when it may vest (which may be based on performance or other criteria) as the Board may deem appropriate if expressly set forth in an Equity Award Agreement. Unless otherwise approved by the Board and set forth in writing by an authorized officer of the Corporation, a Stock bonus or restricted Stock award shall cease vesting upon the holder's Termination, and (if applicable) the right to acquire any Stock purchasable thereunder which has not been purchased by such time shall terminate, regardless of whether or not the holder was given requisite notice of Termination of such holder's employment by the Corporation or by any Affiliate of the Corporation.

ARTICLE VIII
ADJUSTMENTS UPON CHANGES IN STOCK; CORPORATE TRANSACTIONS

Section 8.01 Change in Stock. If any change is made in the Stock subject to the Plan, through a merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Corporation (other than a Corporate Transaction), the Plan will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan pursuant to Article V, and the outstanding Equity Awards will be appropriately adjusted (to the extent not previously exercised by the holders thereof) in the class(es) and number of shares subject thereto and in the exercise price of such outstanding Equity Awards. If as a result of such event, a holder of an Equity Award would become entitled to a fractional share of Stock or other security, such holder shall have the right to purchase only the next lowest whole number of shares of Stock or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded. The Board shall make such adjustments at the time of the change in the Stock, whether or not specifically provided for in any outstanding Equity Award. The Board's determination shall be final, binding and conclusive. Notwithstanding the foregoing, any such adjustment shall be made only if and to the extent that such adjustment would not cause any Equity Award intended to qualify as an Incentive Stock Option to fail to so qualify.

Section 8.02 Corporate Transaction. Unless the surviving corporation (or a parent or subsidiary of such corporation) in the Corporate Transaction assumes this Plan or such Equity Award or issues a substitute therefor or unless the Board provides in substitution for any outstanding Equity Award such alternative consideration as it, in good faith, may determine to be equitable in the circumstances, including cash, or unless otherwise provided in the Equity Award Agreement pursuant to which such Equity Award was originally granted, and subject to the provisions of Section 10.01, the following shall apply in the event of a Corporate Transaction:

(a) If such Equity Award is an Option, then it shall terminate upon the effective date of the Corporate Transaction to the extent not exercised prior thereto.

(b) If such Equity Award is a Stock bonus or restricted Stock award, then (i) the vested portion thereof shall survive the Corporate Transaction and shall be subject to the terms and conditions of such Corporate Transaction (including, but not limited to, any terms and conditions applicable to the sale, exchange, conversion or other disposition of such Stock bonus or Restricted Stock award in such Corporation Transaction), and (ii) the unvested portion thereof shall terminate upon the effective date of the Corporate Transaction (provided that in connection with the consummation of such Corporate Transaction, the Corporation shall pay the holder thereof an amount equal to the purchase price (if any) originally paid by such holder for the Stock bonus or Restricted Stock award so terminated).

(c) No Equity Award may be made after the effective date of the Corporate Transaction.

ARTICLE IX
COVENANTS OF THE CORPORATION

Section 9.01 Reservation of Stock. The Corporation shall reserve from its authorized but unissued Stock the number of shares of Stock issuable pursuant to outstanding Equity Awards.

Section 9.02 Regulatory Authority. The Corporation shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to make an Equity Award and to issue and sell shares of Stock upon the exercise of outstanding Equity Awards, provided that this undertaking shall not require the Corporation to register under the Securities Act or under any applicable state securities laws either the Plan, any Equity Award or any Stock issued or issuable pursuant to any such Equity Award. If, after reasonable efforts, the Corporation is unable to obtain from any such regulatory commission or agency the authority for the lawful grant of any such Equity Award or the lawful issuance and sale of Stock under the Plan, then, as the case may be, the Equity Award so granted shall be nullified or the Corporation shall be relieved from any liability for failure to issue and sell Stock upon exercise of such Equity Awards unless and until such authority is obtained.

ARTICLE X
GENERAL PROVISIONS

Section 10.01 Acceleration of Vesting. Notwithstanding any provision in any Equity Award Agreement, the Board may, in its discretion, accelerate the time at which an Equity Award may first be exercised or the time during which an Equity Award or any part thereof will vest.

Section 10.02 Stockholder Rights. Except as set forth in the Equity Award Agreement, no holder of any Equity Award shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Stock subject to such Equity Award unless and until such person has satisfied all requirements for vesting or exercise of the Equity Award pursuant to its terms and the amount due in payment for Stock to be issued pursuant to such Equity Award Agreement, if any, has been paid in full to the Corporation.

Section 10.03 Employment or Other Services. Nothing in the Plan, any Equity Award Agreement or any instrument executed pursuant thereto shall (a) confer upon any Employee or other holder of an Equity Award any right to employment or to continue in the employ of the Corporation or any Affiliate, (b) confer upon any Director or Consultant or other holder of an Equity Award any right to act or to continue acting as a Director or Consultant, (c) affect the right of the Corporation or any Affiliate to terminate the employment of any Employee with or without Cause, (d) affect the right of the Corporation's Board and/or the Corporation's stockholders to remove any Director pursuant to the terms of the Corporation's charter documents and the provisions of applicable law, or (e) affect the right of the Corporation to terminate the relationship of any Consultant pursuant to the terms of such Consultant's agreement with the Corporation or Affiliate.

Section 10.04 Securities Requirements. The Corporation hereby informs each recipient of an Equity Award that the Equity Award and the Stock subject thereto (a) have not been qualified by prospectus and are subject to indefmite holding periods, and (b) are unregistered securities under the Securities Act and under all applicable state securities laws and must be held indefinitely unless they are subsequently registered or qualified thereunder or an exemption from such registration or qualification is available. The grant of any Equity Award and the issuance of any shares of Stock by the Corporation pursuant to an Equity Award is subject to compliance with the laws, rules and regulations of all public agencies and authorities applicable to the issuance and distribution of such Equity Award and/or Stock and to the listing requirements of any stock exchange or exchanges on which the Stock may be listed from time to time. The recipient agrees (a) to comply with all such laws, rules and regulations, (b) to furnish to the Corporation any information, report and/or undertakings required to comply with all such laws, rules and

regulations, and (c) to fully cooperate with the Corporation in complying with such laws, rules and regulations. The Corporation may require any person to whom an Equity Award is granted, or any person to whom an Equity Award is transferred, as a condition of exercising or acquiring Stock under any Equity Award, to give written assurances satisfactory to the Corporation (a) as to the matters provided above, (b) as to such person's knowledge and experience in financial and business matters, (c) that he or she is capable of evaluating, alone or together with a purchaser representative, the merits and risks of exercising the Equity Award, and (d) that such person is acquiring the Stock subject to the Equity Award for such person's own account and not with any view to a distribution of the Stock. The Corporation may, upon advice of counsel to the Corporation, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Stock. Notwithstanding anything to the contrary contained in this Plan or an Equity Award Agreement, no Stock shall be issued to a person pursuant to an Equity Award unless such shares of Stock are then registered under the Securities Act and registered or qualified under all applicable state securities laws, or if such shares are not then so registered or qualified, the Corporation has determined that such issuance would be exempt from the registration requirements of the Securities Act and all applicable state securities laws.

Section 10.05 Tax Withholding. Unless otherwise provided in the applicable Equity Award Agreement or by the Board, the Corporation shall require the holder of an Equity Award to pay in cash (by check) to the Corporation the holder's share of any tax withholding arising under any applicable law by reason of such Equity Award, the vesting thereof or the disposition of Stock subject thereto. Alternatively, if permitted by the Administrator in its sole discretion in connection with the exercise of an Option or the vesting of a bonus Stock or restricted Stock award only, the holder may direct the Corporation in writing to withhold a number of shares having an aggregate Fair Market Value on the date of exercise or vesting equal to the minimum amount required be withheld in connection with the exercise of the Option or the vesting of the Stock by applicable taxing authorities. Subject to its withholding obligations under applicable law, and notwithstanding any other provision ofthis Plan, the Corporation does not assume responsibility for the income or other tax consequences for any person who is eligible for or has received an Equity Award under the Plan, and such persons are advised to consult with their own tax advisers with respect to such matters.

Section 10.06 Equity Award Agreement. The grant of any Equity Award is subject to the execution by the recipient of an Equity Award Agreement.

ARTICLE XI
AMENDMENT OF THE PLAN AND EQUITY AWARDS

Section 11.01 Amendment and Termination of Plan; Stockholder Approval. The Board may, in its discretion, amend or terminate the Plan, provided, however, that no such action may adversely and materially affect the rights of a holder of an Equity Award without the holder's written consent. Such amendment or termination shall be effective on the date the Board determines, except for amendments that require the approval of the Corporation's stockholders, in which case such amendments shall be effective on the date the Corporation's stockholders approve the amendment. The Board may, in its discretion, submit any amendment or termination of the Plan for stockholder approval.

Section 11.02 Changes in Law. The Board may amend the Plan as it deems necessary or advisable to provide eligible Employees, Directors or Consultants with the maximum benefits provided or to be provided under the provisions of the Plan relating to Incentive Stock Options and to bring the Plan or Incentive Stock Options granted under the Plan into compliance therewith. The Board may also, in its discretion, amend the Plan to take into account changes in law and tax and accounting rules, as well as other developments, and to grant Equity Awards that qualify for beneficial treatment under such rules.

APPENDIX A
DEFINITIONS

"AFFILIATE" means any parent corporation or subsidiary corporation of the Corporation, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f) respectively, of the Code.

"BOARD" means the Board of Directors of the Corporation.

"CAUSE" has the meaning given it in the employment or consulting agreement which governs the relationship between the Corporation and the holder of the Equity Award or, if there is no such definition in any such agreement, means (a) indictment or conviction for either any felony offense or any other crime involving dishonesty, (b) participation in any fraud, theft, embezzlement or other misconduct against the Corporation, (c) intentional damage to any property of the Corporation, (d) breach of the holder's duties of good faith and fair dealing that are owed to the Corporation, (e) breach or violation of any employment, confidentiality, non-competition, non-solicitation or assignment of inventions agreement, (f) conduct which in the good faith and reasonable determination of the Board demonstrates gross unfitness to serve, (g) failure to comply with the policies of the Corporation that have been approved by the Board, or (h) insubordination or failure to follow the directions of the Board or of the Chief Executive Officer or President of the Corporation.

"CODE" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"COMMITTEE" means a Committee appointed by the Board in accordance with Section 3.01 of the Plan.

"CORPORATION" means Aerpio Therapeutics, Inc., a Delaware corporation, and its successors and assigns.

"CONSULTANT" means any person, including an advisor, engaged by the Corporation or an Affiliate to render bona fide consulting services (other than services in connection with the offer or sale of securities in a capital-raising transaction) and who is compensated for such services, provided that the term "Consultant" shall not include Directors who are paid only a director's fee by the Corporation or who are not compensated by the Corporation for their services as Directors.

"CORPORATE TRANSACTION" means a *"Deemed Liquidation Event"* as such term is defined in the Corporation's charter documentation, as in effect from time to time.

"DIRECTOR" means a member of the Board.

"DISABILITY" has the meaning given it in the employment or consulting agreement which governs the relationship between the Corporation and the holder of the Equity Award or, if there is no such defmition in any such agreement, means any medically determinable physical or mental impairment rendering an individual unable to engage in any substantial gainful activity, which disability 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 six (6) months.

"EMPLOYEE" means any person employed, whether full or part-time, as an employee (including as an officer) by the Corporation or any Affiliate of the Corporation. Neither service as a Director nor payment of a director's fee by the Corporation shall be sufficient to constitute "employment" by the Corporation. However, a Director who is also employed as an employee by the Corporation or an Affiliate shall constitute an Employee hereunder.

"EQUITY AWARD" means any right granted under the Plan, including any Option, any Stock bonus or any right to purchase restricted Stock.

"EQUITY A WARD AGREEMENT" means a written agreement between the Corporation and a holder of an Equity Award evidencing the terms and conditions of an individual Equity Award grant. Each Equity Award Agreement shall be subject to the terms and conditions of the Plan.

"FAIR MARKET VALUE" means, as of any date, the value of the Stock determined as follows:

- If the Stock is listed on any established stock exchange or a national market system, including, but not limited to, the Nasdaq National Market or Nasdaq Small Cap Market, the Fair Market Value of a share of Stock shall be the last sales price for the Stock (or the closing bid, if no sales were reported) as quoted on such system or exchange, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.
- In the absence of an established market for the Stock, the Fair Market Value shall be determined in good faith by the Board, shall take into account appropriate discounts for lack of marketability or due to a minority position, and shall take into account the applicable preferences and privileges of the Corporation's preferred stock as set forth in the Corporation's .charter documentation, as in effect from time to time.

"INCENTIVE STOCK OPTION" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

"NON-STATUTORY STOCK OPTION" means an Option not intended to qualify as an Incentive Stock Option.

"OPTION" means a stock option granted pursuant to the Plan

"OPTIONEE" means an Employee, Director or Consultant who holds an outstanding Option.

"OUTSIDE DIRECTOR" means a Director who either (a) is not a current Employee of the Corporation or an *"affiliated corporation"* (within the meaning of Treasury regulations promulgated under Section 162(m) of the Code), is not a former Employee of the Corporation or an *"affiliated corporation"* receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Corporation or an *"affiliated corporation"* at any time, and is not currently receiving direct or indirect remuneration from the Corporation or an *"affiliated corporation"* for services in any capacity other than as a Director, or (b) is otherwise considered an *"outside director"* for purposes of Section 162(m) of the Code.

"PLAN" means this Equity Incentive Plan, as amended and restated.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the regulations promulgated thereunder.

"STOCK" means the Corporation's Common Stock, $0.00001 par value per share, and any security into which such Common Stock may be changed.

"STOCK PURCHASE AGREEMENT" means a written agreement between the Corporation and a holder of an Equity Award evidencing the terms and conditions under which such holder shall hold the shares of Stock awarded or purchased under the terms of the Equity Award. Each Stock Purchase Agreement shall be subject to the terms and conditions of the Plan and the Equity Award Agreement that evidenced the bonus, award or Option.

"TERMINATION" means the termination of an Employee's, Director's or Consultant's employment or relationship with the Corporation or with any Affiliate of the Corporation.

[End of Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan]

AMENDMENT NO. 1
TO
AERPIO THERAPEUTICS, INC.
2011 EQUITY INCENTIVE PLAN

The Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan (the "Plan") is hereby amended by the Board of Directors and stockholders of Aerpio Therapeutics, Inc., a Delaware corporation (the "Corporation"), as follows:

Section 5.01 of the Plan is amended and restated to read in its entirety as follows:

"**Section 5.01 Authorized Shares**. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, no more than 2,245,313 shares of Stock may be issued pursuant to Equity Awards. All of the shares of Stock may be issued in the form of Incentive Stock Options. The number of shares of Stock reserved for issuance under this Plan may be increased from time to time as permitted by law."

ADOPTED BY BOARD OF DIRECTORS:	August 28, 2012
ADOPTED BY STOCKHOLDERS:	August 28, 2012

AMENDMENT NO. 2
TO
AERPIO THERAPEUTICS, INC.
2011 EQUITY INCENTIVE PLAN

The Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan (the "Plan") is hereby amended by the Board of Directors and stockholders of Aerpio Therapeutics, Inc., a Delaware corporation (the "Corporation"), as follows:

Section 5.01 of the Plan is amended and restated to read in its entirety as follows:

"**Section 5.01 Authorized Shares**. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, no more than 3,075,763 shares of Stock may be issued pursuant to Equity Awards. All of the shares of Stock may be issued in the form of Incentive Stock Options. The number of shares of Stock reserved for issuance under this Plan may be increased from time to time as permitted by law."

ADOPTED BY BOARD OF DIRECTORS:	August 23, 2013
ADOPTED BY STOCKHOLDERS:	August 23, 2013

AMENDMENT NO. 3
TO
AERPIO THERAPEUTICS, INC.
2011 EQUITY INCENTIVE PLAN

The Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan (the "Plan") is hereby amended by the Board of Directors and stockholders of Aerpio Therapeutics, Inc., a Delaware corporation (the "Corporation"), as follows:

Section 5.01 of the Plan is amended and restated to read in its entirety as follows:

"**Section 5.01 Authorized Shares**. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, no more than 4,012,137 shares of Stock may be issued pursuant to Equity Awards. All of the shares of Stock may be issued in the form of Incentive Stock Options. The number of shares of Stock reserved for issuance under this Plan may be increased from time to time as permitted by law."

ADOPTED BY BOARD OF DIRECTORS:	February 18, 2014
ADOPTED BY STOCKHOLDERS:	February 20, 2014

AMENDMENT NO. 4
TO
AERPIO THERAPEUTICS, INC.
2011 EQUITY INCENTIVE PLAN

The Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan (the "Plan") is hereby amended by the Board of Directors and stockholders of Aerpio Therapeutics, Inc., a Delaware corporation (the "Corporation"), as follows:

Section 5.01 of the Plan is amended and restated to read in its entirety as follows:

"**Section 5.01 Authorized Shares**. Subject to the provisions of Article VIII relating to adjustments upon changes in Stock, no more than 5,860,874 shares of Stock may be issued pursuant to Equity Awards. All of the shares of Stock may be issued in the form of Incentive Stock Options. The number of shares of Stock reserved for issuance under this Plan may be increased from time to time as permitted by law."

ADOPTED BY BOARD OF DIRECTORS:	April 22, 2014
ADOPTED BY STOCKHOLDERS:	April 22, 2014

EQUITY AWARD AGREEMENT—STOCK OPTIONS
(AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN)

AERPIO THERAPEUTICS, INC., a Delaware corporation (the "**CORPORATION**"), pursuant to its **2011 EQUITY INCENTIVE PLAN** (the "**PLAN**"), for good and valuable consideration, hereby grants to the Optionee an option (the "**OPTION**") to purchase the number of shares of Stock set forth below. This Option is subject to all of the terms and conditions set forth herein and in the Plan and the Stock Purchase Agreement (each of which is attached hereto as Attachment A and Attachment B, respectively, and is incorporated herein in its entirety). Capitalized terms used herein but not defined are defined in the Plan.

Name of Optionee:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Shares of Stock Subject to Option:	_____
Exercise Price Per Share:	_____
Expiration Date:	The earliest of: (a) the tenth anniversary of the Date of Grant, (b) twelve (12) months after notice of Termination due to Disability is delivered to you, (c) twelve (12) months after the date of death in the event of your Termination due to death, (d) immediately, upon your Termination for Cause, (e) one (1) month after notice of Termination for any reason other than Cause, death or Disability is delivered to you, or (f) upon the effective date of a Corporate Transaction if this Option is not assumed, or a substitute option is not issued, by the surviving corporation. Upon the Expiration Date, this Option will automatically be cancelled and will be of no further force or effect to the extent not exercised prior thereto.
FORM OF OPTION	__ *Incentive Stock Option* __ *Non-statutory Stock Option*

VESTING SCHEDULE.

Shares For Which Option is Exercisable:	After This Period of Service
(25% of Option Shares)	One-year anniversary of the Vesting Commencement Date.
(75% of Option Shares)	Ratably on the first day of each month between the one-year anniversary of the Vesting Commencement Date and the fourth anniversary of the Vesting Commencement Date (i.e., 2.0833% of the total number of Option Shares hereunder shall vest on the first day of each such month).

In no event shall any shares of Stock subject to the Option vest after the Optionee's Termination, regardless of whether or not the Optionee was given adequate notice of Termination of the Optionee's employment by the Corporation or by any Affiliate of the Corporation. Any shares of Stock subject to the Option that remain unvested on the Optionee's Termination shall be immediately forfeited without compensation and without the requirement for any action on the part of the Company or the Optionee.

ACCELERATION.

[Alternative 1—"Double Trigger"]

(a) **OPTION ASSUMED.** In the event that the surviving corporation (or a parent or subsidiary of such corporation) in a Corporate Transaction assumes this Option or issues a substitute option herefor, then solely in such event this Option or the substitute option, as the case may be, shall become fully vested in the event that, within twelve (12) months of the effective date of such Corporate Transaction, the Optionee is terminated without Cause by the surviving corporation or has his or her job responsibilities or duties, or base compensation, materially diminished by such surviving corporation. Such vesting acceleration shall take place automatically and immediately on the date on which the Optionee receives notice of his or her termination without Cause or material diminishment in job responsibilities or duties, or base compensation, as the case may be, so that this Option or the substitute option, as the case may be, shall be fully vested and fully and immediately exercisable as to all shares of Stock subject hereto or thereto. In such case, the terms and conditions of this Option or the substitute option shall survive such Corporate Transaction and shall be otherwise applicable to the manner and circumstances under which this Option or the substitute option may be exercised and shall expire.

(b) **OPTION NOT ASSUMED.** In the event that the surviving corporation (or a parent or subsidiary of such corporation) in a Corporate Transaction does not assume this Option or issue a substitute option herefor, and in the event that the Board does not provide in substitution herefor such alternative consideration as it, in good faith, may determine to be equitable in the circumstances, including cash, then this Option shall become fully vested as of the effective date of such Corporate Transaction (immediately prior to the consummation thereof), so that this Option shall be fully and immediately exercisable as to all shares of Stock subject hereto as of such effective date. Notice thereof shall be delivered by the Corporation to the Optionee at least fifteen (15) days prior to such effective date. Upon the effective date of such Corporate Transaction (in connection with the consummation thereof), this Option shall terminate to the extent not exercised prior thereto.

[Alternative 2—"Single Trigger"]

In the event of a Corporate Transaction, then this Option shall become fully vested as of the effective date of such Corporate Transaction (immediately prior to the consummation thereof), so that this Option shall be fully and immediately exercisable as to all shares of Stock subject hereto as of such effective date. Notice thereof shall be delivered by the Corporation to the Optionee at least fifteen (15) days prior to such effective date. Upon the effective date of such Corporate Transaction (in connection with the consummation thereof), this Option shall terminate to the extent not exercised prior thereto.

[Alternative 3—Termination]

This Option shall terminate upon the effective date of a Corporate Transaction to the extent not exercised prior thereto.

RULE 701. This Option is granted in connection with and in furtherance of the Corporation's compensatory benefit plan for the Corporation's employees (including officers), directors or consultants, and is intended to comply with the provisions of Rule 701 promulgated by the Securities and Exchange Commission under the Securities Act as well as all applicable state securities laws.

NOTIFICATION OF ISO SHARE DISPOSITION. If this Option is an Incentive Stock Option, the Optionee hereby agrees to notify the Corporation in writing within fifteen (15) days after the date of any disposition of any of the Stock issued upon exercise of this Option that occurs within two (2) years after the Date of Grant or within one (1) year after such Stock is acquired upon exercise of this Option.

TRANSFERABILITY. The Optionee agrees that this Option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during the Optionee's life only by the Optionee, provided that if this Option is a Non-statutory Stock Option, then the Optionee may transfer this Option, in whole or in part, upon the prior written approval of the Board and in accordance with applicable law.

NO EMPLOYMENT OR SERVICE CONTRACT. The Optionee agrees and understands that nothing in this Equity Award Agreement or the Plan shall confer any right with respect to the position, title, salary or duties with respect to the Optionee's employment with, or service to, the Corporation or the continuation thereof.

ADDITIONAL TERMS AND ACKNOWLEDGMENTS. The Optionee acknowledges receipt of, and understands and agrees to, this Equity Award Agreement, the Plan and the Stock Purchase Agreement. The Optionee understands that any Stock acquired under the Option will be subject to the terms set forth in this Equity Award Agreement, the Plan and the Stock Purchase Agreement. The Optionee further acknowledges that as of the Date of Grant, this Equity Award Agreement, the Plan and the Stock Purchase Agreement does and will set forth the entire understanding between the Optionee and the Corporation regarding the acquisition of the Stock subject hereto and does and will supersede all prior oral and written agreements on that subject.

SIGNATURE PAGE FOLLOWS

AERPIO THERAPEUTICS, INC.

By: _____
Name: _____
Date: _____

OPTIONEE

By: _____
Name: _____
Date: _____

ATTACHMENT A
AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN

ATTACHMENT B
STOCK PURCHASE AGREEMENT

FORM STOCK PURCHASE AGREEMENT
(AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN)

To: **AERPIO THERAPEUTICS, INC.**

Date of Exercise: _____
Ladies and Gentlemen:

PURCHASE. This constitutes notice under my Option that I elect to purchase the number of shares of Stock indicated below (the "**PURCHASED SHARES")** for the price set forth below. Capitalized terms used herein but not defined are defined in the Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan.

Type of option (check one): Incentive: ____
Non-statutory: ____

DATE OF GRANT	NUMBER OF SHARES EXERCISED	EXERCISE PRICE PER SHARE

Total Exercise Price delivered herewith: _____

Certificates should be issued in the following name: _____

_____

By this exercise, I agree (a) to provide such additional documents as you may require pursuant to the terms of the Corporation's 2011 Equity Incentive Plan (the "**PLAN**"), including, but not limited to, a counterpart signature page to each of the Corporation's Stock Restriction Agreement and Voting Agreement, as in effect from time to time, (b) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, (c) if this exercise relates to an Incentive Stock Option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Purchased Shares that occurs within two (2) years after the date of grant of the Option or within one (1) year after such Purchased Shares have been acquired upon exercise of the Option, (d) to furnish to you any information, report and/or undertakings required to comply with the laws, rules and regulations of all public agencies and authorities applicable to the issuance and distribution of the Purchased Shares and to the listing requirements of any stock exchange or exchanges on which the Purchased Shares may be listed from time to time, and (e) to fully cooperate with you in complying with such laws, rules and regulations.

In addition, I acknowledge and confirm that (a) I have the knowledge and experience in financial and business matters necessary to exercise, and that I am capable of evaluating, alone or together with a purchaser representative, the merits and risks relating to the exercise of, my Option, and (b) that I am acquiring the Purchased Shares for my own account and not with any view to a distribution of the Purchased Shares.

RESTRICTED SECURITIES. I understand that the Purchased Shares have not been registered under the Securities Act or any applicable state securities laws and are being issued to me in reliance upon the exemption from such registration provided by Rule 701 under the Securities Act for stock issuances under compensatory benefit plans such as the Plan as well as under applicable state securities laws. I hereby confirm that I have been informed that the Purchased Shares are restricted securities under the Securities Act and under applicable state securities laws and may not be resold or transferred unless the Purchased Shares are first registered under the Federal securities laws and registered or qualified under applicable state securities laws, unless an exemption from such registration or qualification is available or unless I comply with the requirements of Rule 144 promulgated under the Securities Act as well as the requirements of applicable state securities laws. Accordingly, I hereby acknowledge that I am

prepared to hold the Purchased Shares for an indefinite period and that I am aware that Rule 144 promulgated under the Securities Act, which exempts certain resales of restricted securities, may not be available to exempt the resale of the Purchased Shares from the registration requirements of the Securities Act and that similar exemptions may not be available under applicable state securities laws.

The certificates representing the Purchased Shares shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY PORTION HEREOF OR INTEREST HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE COMPANY HAS RECEIVED, AT THE EXPENSE OF THE HOLDER HEREOF, EVIDENCE OF SUCH EXEMPTION REASONABLY SATISFACTORY TO THE COMPANY (WHICH MAY INCLUDE, AMONG OTHER THINGS, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY).

[Alternative 1—"Rights of Repurchase"]

RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE. I acknowledge and agree that the Purchased Shares shall be subject to the following restrictions on transferability and repurchase rights exercisable by the Corporation (and/or its assignee(s)). The certificates representing the Purchased Shares shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

For the ninety (90) day period following the termination of my employment with the Corporation for any reason, including death or Disability, with or without Cause and whether voluntary or involuntary, the Corporation (and/or its assignee(s)) shall have the right, but shall not be obligated, to purchase, and I (or my estate or representative) shall be obligated to sell, all (but not less than all) of the Purchased Shares on the terms hereinafter set forth.

The purchase price of the Purchased Shares (the "**PURCHASE PRICE**") shall be agreed upon by the Corporation (and/or its assignee(s)) and me (or my estate or representative) within thirty (30) days after the Corporation (and/or its assignee(s)) delivers written notice to me of its or their desire to purchase the Purchased Shares. If we are unable to agree upon the Purchase Price within that time period, then the Purchase Price, on a per-share basis, shall be the Fair Market Value thereof. For purposes of the foregoing sentence, the valuation date shall be the date on which the Corporation (and/or its assignee(s)) delivered notice to me of its or their intention to purchase the Purchased Shares. The Corporation (and/or its assignee(s)) shall have the opportunity to rescind its purchase offer within the ten (10) day period following the date upon which the Purchase Price is finally determined.

The Purchase Price shall be paid to me at closing, which shall take place as soon as is practicable after the Purchase Price is finally determined. At the discretion of the Corporation (and/or its assignee(s)), the Purchase Price may be paid (a) in full in cash at closing, or (b) by installment, by payment of no less than twenty-five percent (25%) of the Purchase Price in cash at closing and the balance by a promissory note with (i) a term no longer than three (3) years, (ii) a pro rata payment schedule of principal and interest that is at least semi-annual, and (iii) an interest rate that is at least ten percent (10%), compounded annually. I agree that I will execute and deliver all instruments and documents that the Corporation requests to effectively convey or transfer the Purchase Shares.

Unless otherwise terminated by the Board, the foregoing restrictions on transferability and rights of repurchase shall be terminated and of no further force and effect upon the effective date of (a) the first underwritten registration of the offering of any securities of the Corporation under the Securities Act, or (b) the liquidation, dissolution or winding-up of the Corporation (or the deemed liquidation, dissolution or winding-up of the Corporation), as defined in and construed under the Corporation's charter documentation, as amended from time to time.

[Alternative 2—"No Rights of Repurchase"]

RESTRICTIONS ON TRANSFERABILITY. I acknowledge and agree that the Purchased Shares shall be subject to the following restrictions on transferability exercisable by the Corporation (and/or its assignee(s)). The certificates representing the Purchased Shares shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

Unless otherwise terminated by the Board, the foregoing restrictions on transferability shall be terminated and of no further force and effect upon the effective date of (a) the first underwritten registration of the offering of any securities of the Corporation under the Securities Act, or (b) the liquidation, dissolution or winding-up of the Corporation (or the deemed liquidation, dissolution or winding-up of the Corporation), as defined in and construed under the Corporation's charter documentation, as amended from time to time.

MARKET STAND-OFF. I agree that the Corporation (or a representative of its underwriters) may, in connection with any underwritten registration of the offering of any securities of the Corporation under the Securities Act, require that I not sell or otherwise transfer or dispose of any shares of Stock or other securities of the Corporation held by me during the period (not to exceed one hundred eighty (180) days) following the effective date of the registration statement of the Corporation filed under the Securities Act. I further agree that the Corporation may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period. The certificates representing the Purchased Shares shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A "MARKET STAND-OFF" AGREEMENT AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

Very truly yours,

(Print Name)

AGREED AND ACCEPTED:

AERPIO THERAPEUTICS, INC.

By:
Name:
Date:

EQUITY AWARD AGREEMENT – RESTRICTED STOCK AWARD
(AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN)

AERPIO THERAPEUTICS, INC., a Delaware corporation (the "CORPORATION"), pursuant to its 2011 EQUITY INCENTIVE PLAN (the "PLAN"), for good and valuable consideration, hereby grants to the undersigned grantee (the "GRANTEE") a restricted Stock award (the "AWARD") for the number of shares of Stock set forth below. This Award is subject to all of the terms and conditions set forth herein and in the Plan, Right of First Refusal and Co-Sale Agreement and the Voting Agreement (each of which is attached hereto as Attachment A, Attachment B and Attachment C, respectively, and is incorporated herein in its entirety). Capitalized terms used herein but not defined are defined in the Plan.

Name of Grantee:	
Date of Grant:	
Vesting Commencement Date:	
Shares of Stock Subject to Award:	
Purchase Price Per Share:	

VESTING SCHEDULE.

Vesting	After This Period of Service
(25% of Stock acquired hereunder)	One-year anniversary of the Vesting Commencement Date.
(75% of Stock acquired hereunder)	Ratably on the first day of each month between the one-year anniversary of the Vesting Commencement Date and the fourth anniversary of the Vesting Commencement Date (i.e., 2.0833% of the total number of shares of Stock awarded hereunder shall vest on the first day of each such month).

In no event shall any shares of Stock acquired hereunder vest after the Grantee's Termination, regardless of whether or not the Grantee was given adequate notice of Termination of the Grantee's employment by the Corporation or by any Affiliate of the Corporation.

ACCELERATION.

[Alternative 1 – "Double Trigger"]

(a) **AWARD ASSUMED**. In the event that the surviving corporation (or a parent or subsidiary of such corporation) in a Corporate Transaction assumes this Award or issues a substitute award herefor, then solely in such event this Award or the substitute award, as the case may be, shall become fully vested in the event that, within twelve (12) months of the effective date of such Corporate Transaction, the Grantee is terminated without Cause by the surviving corporation or has his or her job responsibilities or duties, or base compensation, materially diminished by such surviving corporation. Such vesting acceleration shall take place automatically and immediately on the date on which the Grantee receives notice of his or her termination without Cause or material diminishment in job responsibilities or duties, or base compensation, as the case may be, so that this Award or the substitute award, as the case may be, shall be fully vested. In such case, the terms and conditions of this Award or the substitute award shall survive such Corporate Transaction and shall be otherwise applicable to the manner and circumstances under which this Award or the substitute award may be exercised and shall expire.

(b) **AWARD NOT ASSUMED**. In the event that the surviving corporation (or a parent or subsidiary of such corporation) in a Corporate Transaction does not assume this Award or issue a substitute award herefor, and in the event that the Board does not provide in substitution herefor such alternative consideration as it, in good faith, may determine to be equitable in the circumstances, including cash, then this Award shall become fully vested as of the effective date of such Corporate Transaction (immediately prior to the consummation thereof). Notice thereof shall be delivered by the Corporation to the Grantee at least fifteen (15) days prior to such effective date.

[Alternative 2 – "Single Trigger"]

In the event of a Corporate Transaction, then this Award shall become fully vested as of the effective date of such Corporate Transaction (immediately prior to the consummation thereof). Notice thereof shall be delivered by the Corporation to the Grantee at least fifteen (15) days prior to such effective date.

ACKNOWLEDGEMENTS. The Grantee hereby agrees (a) to provide such additional documents as the Corporation may require pursuant to the Plan, including, but not limited to, a counterpart signature page to each of the Corporation's Amended and Restated Right of First Refusal and Co-Sale Agreement and Amended and Restated Voting Agreement, (b) to furnish to the Corporation any information, report and/or undertakings required to comply with the laws, rules and regulations of all public agencies and authorities applicable to the issuance and distribution of the Stock acquired hereunder and to the listing requirements of any stock exchange or exchanges on which the Stock acquired hereunder may be listed from time to time, and (c) to fully cooperate with the Corporation in complying with such laws, rules and regulations.

The Grantee hereby acknowledges and confirms that (a) the Grantee has the knowledge and experience in financial and business matters necessary to acquire, and that he or she is capable of evaluating, alone or together with a purchaser representative, the merits and risks relating to the acquisition of, the Stock acquired hereunder, and (b) that he or she is acquiring the Stock acquired hereunder for his or her own account and not with any view to a distribution of the Stock acquired hereunder.

The Grantee further acknowledges that he or she understands that the Stock acquired hereunder has not been registered under the Securities Act or any applicable state securities laws and is being issued to him or her in reliance upon the exemption from such registration provided by Rule 701 under the Securities Act for stock issuances under compensatory benefit plans such as the Plan as well as under applicable state securities laws. The Grantee hereby confirms that he or she has been informed that the Stock acquired hereunder is restricted securities under the Securities Act and under applicable state securities laws and may not be resold or transferred unless the Stock acquired hereunder is first registered under the Federal securities laws and registered or qualified under applicable state securities laws, unless an exemption from such registration or qualification is available or unless the Grantee complies with the requirements of Rule 144 promulgated under the Securities Act as well as the requirements of applicable state securities laws. Accordingly, the Grantee hereby acknowledges that he or she is prepared to hold the Stock acquired hereunder for an indefinite period and that he or she is aware that Rule 144 promulgated under the Securities Act, which exempts certain resales of restricted securities, may not be available to exempt the resale of the Stock acquired hereunder from the registration requirements of the Securities Act and that similar exemptions may not be available under applicable state securities laws.

The certificates representing the Stock acquired hereunder shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY PORTION HEREOF OR INTEREST HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE COMPANY HAS RECEIVED, AT THE EXPENSE OF THE HOLDER HEREOF, EVIDENCE OF SUCH EXEMPTION REASONABLY SATISFACTORY TO THE COMPANY (WHICH MAY INCLUDE, AMONG OTHER THINGS, AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY).

[Alternative 1 – "Rights of Repurchase"]

RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE. The Grantee acknowledges and agrees that the Stock acquired hereunder shall be subject to the following restrictions on transferability and repurchase rights exercisable by the Corporation (and/or its assignee(s)). The certificates representing the Stock acquired hereunder shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

For the ninety (90) day period following the Grantee's Termination for any reason, including death or Disability, with or without Cause and whether voluntary or involuntary, the Corporation (and/or its assignee(s)) shall have the right, but shall not be obligated, to purchase, and the Grantee (or his or her estate or representative) shall be obligated to sell, all (but not less than all) of the Stock acquired hereunder on the terms hereinafter set forth.

The purchase price of the unvested Stock shall be the original purchase price therefor as set forth above. The purchase price of the vested Stock shall be agreed upon by the Corporation (and/or its assignee(s)) and the Grantee (or his or her estate or representative) within thirty (30) days after the Corporation (and/or its assignee(s)) delivers written notice to the Grantee of its or their desire to purchase the Stock acquired hereunder. If the purchase price for the vested Stock is not agreed to within that time period, then the purchase price, on a per-share basis, shall be the Fair Market Value thereof. For purposes of the foregoing sentence, the valuation date shall be the date on which the Corporation (and/or its assignee(s)) delivered notice to the Grantee of its or their intention to purchase the Stock acquired hereunder. The Corporation (and/or its assignee(s)) shall have the opportunity to rescind its purchase offer within the ten (10) day period following the date upon which the purchase price for the vested Stock is finally determined. The purchase price for the unvested Stock and the purchase price for the vested Stock are collectively referred to as the "**PURCHASE PRICE.**"

The Purchase Price shall be paid to the Grantee at closing, which shall take place as soon as is practicable after the Purchase Price is finally determined. At the discretion of the Corporation (and/or its assignee(s)), the Purchase Price may be paid (a) in full in cash at closing, or (b) by installment, by payment of no less than twenty-five percent (25%) of the Purchase Price in cash at closing and the balance by a promissory note with (i) a term no longer than three (3) years, (ii) a pro rata payment schedule of principal and interest that is at least semi-annual, and (iii) an interest rate that is at least ten percent (10%), compounded annually. The Grantee agrees that he or she will execute and deliver all instruments and documents that the Corporation requests to effectively convey or transfer the Stock.

Unless otherwise terminated by the Board, the foregoing restrictions on transferability and rights of repurchase shall be terminated and of no further force and effect upon the effective date of (a) the first underwritten registration of the offering of any securities of the Corporation under the Securities Act, or (b) the liquidation, dissolution or winding-up of the Corporation (or the deemed liquidation, dissolution or winding-up of the Corporation), as defined in and construed under the Corporation's charter documentation, as amended from time to time.

[Alternative 2 – "No Rights of Repurchase (Vested)"]

RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE. The Grantee acknowledges and agrees that the Stock acquired hereunder shall be subject to the following restrictions on transferability and repurchase rights exercisable by the Corporation (and/or its assignee(s)). The certificates representing the Stock acquired hereunder shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AND RIGHTS OF REPURCHASE IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

For the ninety (90) day period following the Grantee's Termination for any reason, including death or Disability, with or without Cause and whether voluntary or involuntary, the Corporation (and/or its assignee(s)) shall have the right, but shall not be obligated, to purchase, and the Grantee (or his or her estate or representative) shall be obligated to sell, all (but not less than all) of the unvested Stock acquired hereunder on the terms hereinafter set forth.

The purchase price of the unvested Stock shall be the original purchase price therefor as set forth above. The purchase price for the unvested Stock is referred to as the "**PURCHASE PRICE**."

The Purchase Price shall be paid to the Grantee at closing, which shall take place as soon as is practicable after the Purchase Price is finally determined. At the discretion of the Corporation (and/or its assignee(s)), the Purchase Price may be paid (a) in full in cash at closing, or (b) by installment, by payment of no less than twenty-five percent (25%) of the Purchase Price in cash at closing and the balance by a promissory note with (i) a term no longer than three (3) years, (ii) a pro rata payment schedule of principal and interest that is at least semi-annual, and (iii) an interest rate that is at least ten percent (10%), compounded annually. The Grantee agrees that he or she will execute and deliver all instruments and documents that the Corporation requests to effectively convey or transfer the unvested Stock.

Unless otherwise terminated by the Board, the foregoing restrictions on transferability and rights of repurchase shall be terminated and of no further force and effect upon the effective date of (a) the first underwritten registration of the offering of any securities of the Corporation under the Securities Act, or (b) the liquidation, dissolution or winding-up of the Corporation (or the deemed liquidation, dissolution or winding-up of the Corporation), as defined in and construed under the Corporation's charter documentation, as amended from time to time.

MARKET STAND-OFF. The Grantee agrees that the Corporation (or a representative of its underwriters) may, in connection with any underwritten registration of the offering of any securities of the Corporation under the Securities Act, require that the Grantee not sell or otherwise transfer or dispose of any shares of Stock or other securities of the Corporation held by me during the period (not to exceed one hundred eighty (180) days) following the effective date of the registration statement of the Corporation filed under the Securities Act. The Grantee further agrees that the Corporation may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period. The certificates representing the Stock acquired hereunder shall bear on their face the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A "MARKET STAND-OFF" AGREEMENT AS PROVIDED IN THE STOCK PURCHASE AGREEMENT PURSUANT TO WHICH THE SECURITIES WERE ORIGINALLY ACQUIRED.

NO EMPLOYMENT OR SERVICE CONTRACT. The Grantee agrees and understands that nothing in this Equity Award Agreement or the Plan shall confer any right with respect to the position, title, salary or duties with respect to the Grantee's employment with, or service to, the Corporation or the continuation thereof.

ADDITIONAL TERMS AND ACKNOWLEDGMENTS. The Grantee acknowledges receipt of, and understands and agrees to, this Equity Award Agreement, the Plan, the Amended and Restated Right of First Refusal and Co-Sale Agreement and the Amended and Restated Voting Agreement. The Grantee acknowledges and agrees that the signature page to this Equity Award Agreement will also be fully effective as a counterpart signature page to each of the Corporation's Amended and Restated Right of First Refusal and Co-Sale Agreement and Amended and Restated Voting Agreement and that by executing and delivering this Equity Award Agreement, the Grantee will, automatically and without the requirement of any further action, be a party to the Corporation's Amended and Restated Right of First Refusal and Co-Sale Agreement and Amended and Restated Voting Agreement. The Grantee understands that any Stock acquired under this Award will be subject to the terms set forth in this Equity Award Agreement, the Plan, the Amended and Restated Right of First Refusal and Co-Sale Agreement and the Amended and Restated Voting Agreement. The Grantee further acknowledges that as of the Date of Grant, this Equity Award Agreement, the Plan, the Amended and Restated Right of First Refusal and Co-Sale Agreement and the Amended and Restated Voting Agreement do and will set forth the entire understanding between the Grantee and the Corporation regarding the acquisition of the Stock subject hereto and does and will supersede all prior oral and written agreements on that subject. In the event of any conflict or ambiguity between or among the provisions of this Equity Award Agreement, the Plan, the Amended and Restated Right of First Refusal and Co-Sale Agreement or the Amended and Restated Voting Agreement, the provisions of this Equity Award Agreement will control.

SIGNATURE PAGE FOLLOWS

AERPIO THERAPEUTICS, INC.	**GRANTEE**
By: _____	By: _____
Name: _____	Name: _____
Date: _____	Date: _____

FORM OF STOCK PLEDGE AGREEMENT
(AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN)

STOCK PLEDGE AGREEMENT

THIS STOCK PLEDGE AGREEMENT (the "Agreement") is made as of this __ day of _____, 20__, by and between ("Pledgor"), and Aerpio Therapeutics, Inc., a Delaware corporation ("Lender").

WHEREAS, Lender has extended a loan to Pledgor in the principal amount of $ (the "Loan"), which Loan is evidenced by a promissory note in favor of Lender (the "Note"); and

WHEREAS, to secure the payment and performance of all obligations under the Note, Pledgor wishes to pledge to Lender all of Pledgor's right, title and interest in the capital stock of Lender owned by Pledgor and listed on Exhibit A hereto (the "Stock").

NOW, THEREFORE, the parties hereto agree as follows:

1. Warranty. Pledgor hereby represents and warrants to Lender that except for the security interest created hereby, Pledgor owns the Stock free and clear of all liens, charges and encumbrances, that the Stock is duly issued, fully paid and nonassessable, and that Pledgor has the unencumbered right to pledge the Stock.

2. Security Interest. Pledgor hereby unconditionally grants and assigns to Lender, its successors and assigns, a continuing security interest in the security title to the Stock. Pledgor has delivered to and deposited with Lender herewith all of Pledgor's right, title and interest in and to the Stock, together with certificates representing the Stock and stock powers endorsed in blank by Pledgor, as security for payment and performance of all obligations of Pledgor to Lender under the Note or any extension, renewal, amendment or modification of the Note, however created, acquired, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. Beneficial ownership of the Stock, including, without limitation, all voting, consensual and dividend rights, shall remain in Pledgor until the occurrence of a Default under the terms hereof (as defined in Section 4 below).

3. Additional Shares. In the event that, during the term of this Agreement:

(a) any stock dividend, stock split, reclassification, readjustment or other change is declared or made in the capital structure of Lender, all new, substituted and additional shares, or other securities, issued by reason of any such change and received by Pledgor or to which Pledgor shall be entitled shall be immediately delivered to Lender, together with stock powers endorsed in blank by Pledgor, and shall thereupon constitute Stock to be held by Lender under the terms of this Agreement; and

(b) subscriptions, warrants or any other rights or options are issued in connection with the Stock, all new stock or other securities acquired through such subscriptions, warrants, rights or options by Pledgor shall be immediately delivered to Lender and shall thereupon constitute Stock to be held by Lender under the terms of this Agreement.

4. Default. Failure of Pledgor to pay any amount of principal or interest when due pursuant to the terms of the Note or a default by Pledgor under this Agreement shall constitute a default under the terms of this Agreement (any of such occurrences being hereinafter referred to as a "Default"). Upon the occurrence of a Default, Lender may take the actions described in the following sentence and thereafter, or may elect, as its sole recourse hereunder and under the Note and full remedy hereunder and thereunder, in full settlement and repayment of all amounts due and owing under the Note (the "Obligations"), and without the requirement of Pledgor's consent or approval, to redeem that number of shares of Stock equal to the amount of the Obligations (or, if the Obligations exceed the total value of the Stock, then all of the Stock), based upon a price per share of the Stock equal to the fair market value thereof as determined in the most recent third-party appraisal thereof. Alternatively, Lender may sell or make other commercially reasonable disposition of the Stock or any portion thereof after ten (10) business days' written notice to Pledgor, and Lender may purchase the Stock or any portion thereof at any public sale. The

proceeds of the public or private sale or other disposition shall be applied (i) to the costs incurred in connection with the sale; (ii) to any unpaid interest which may have accrued on any obligations secured hereby; (iii) to any unpaid principal; and (iv) to damages incurred by Lender by reason of any breach of the obligations secured against hereby, in such order as Lender may determine but in any event the proceeds shall be applied first to the Non-Recourse Portion of the Note (as defined in the Note) and then to the balance of the sums due under the Note, and any remaining proceeds shall be paid over to Pledgor or others as law provides. Pledgor shall not be liable to Lender for any deficiency in the Non-Recourse Portion of the Note in the event the proceeds of the sale or other disposition of the Stock are insufficient to pay such expenses, interest, principal, obligations and damages.

5. Additional Rights of Secured Parties. In addition to other rights and privileges under this Agreement, Lender shall have the rights, powers and privileges of secured parties under the Uniform Commercial Code.

6. Return of Stock to Pledgor. Upon payment in full of all principal and interest on the Note, Lender shall return to Pledgor all of the then remaining Stock and all rights received by Lender as agent for Pledgor as a result of its possessory interest in the Stock.

7. Voting Rights. Pledgor shall retain all rights to vote the Stock until such time as Lender either cancels or sells the Stock after a Default under the Note.

8. Notices. All notices and other communications required or permitted hereunder shall be in writing and, if mailed by prepaid certified mail, shall be deemed to have been received on the earlier of the date shown on the receipt or three (3) business days after the postmarked date thereof. In addition, notices hereunder may be delivered by hand, by facsimile or by email, in which event such notice shall be deemed effective when delivered. Notice of change of address for notice shall also be governed by this Section. Notices shall be addressed as follows:

If to Pledgor:

Name:_____
Mailing Address:_____
Facsimile:_____
Email:_____

If to Lender:

Aerpio Therapeutics, Inc.
Attention: CEO (or, if CEO is Pledgor, then CFO)
Mailing Address:_____
Facsimile:_____
Email:_____

With a copy to:

9. Binding Agreement. The provisions of this Agreement shall be construed and interpreted, and all rights and obligations of the parties hereto determined, in accordance with the laws of the State of Delaware. This Agreement, together with all documents referred to herein, constitutes the entire agreement between Pledgor and Lender with respect to the matters addressed herein and may not be modified except by a writing executed by Lender and Pledgor. This Agreement may be executed in multiple counterparts and by facsimile or PDF, each of which shall be deemed an original but all of which, taken together, shall constitute one and the same instrument.

10. Severability. If any paragraph or part thereof shall for any reason be held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such paragraph or part thereof so adjudicated invalid, illegal or unenforceable shall be deemed separate, distinct and independent, and the remainder of this Agreement shall remain in full force and effect and shall not be affected by such holding or adjudication.

11. Assignability. This Agreement, and the rights and obligations of Lender hereunder, may be assigned by Lender to any person or entity to which the Note is transferred by Lender, and such transferee shall be deemed the “Lender” for purposes of this Agreement; provided that the transferee provides written notice of such assignment to Pledgor and agrees to be bound by the terms of this Agreement.

Signature Page Follows

IN WITNESS WHEREOF, the undersigned have hereunto set their hands, by and through their duly authorized officers, as of the day and year first above written.

Pledgor: _____
(Signature)

_____
(Print Name)

Lender: Aerpio Therapeutics, Inc.

By: _____

Its: _____

Exhibit A

STOCK CERTIFICATE NUMBERS

Number	Owner	Class of Shares	Number of Shares Represented

Form of Partial Recourse Promissory Note
(AERPIO THERAPEUTICS, INC. 2011 EQUITY INCENTIVE PLAN)

PARTIAL RECOURSE PROMISSORY NOTE

$_____ Cincinnati, Ohio
_____,20____

FOR VALUE RECEIVED, _____ **("Borrower")** promises to pay to Aerpio Therapeutics, Inc., a Delaware corporation **("Lender"),** or order, the principal sum of $_____ with interest as set forth below, both principal and interest payable in lawful money of the United States of America, at such place as Lender may designate in writing.

The principal and interest shall be due and payable as follows:

Interest shall accrue at the rate of six percent (6%) per annum from the date hereof up to and through the date on which all principal and interest hereunder is paid in full. Interest shall be paid yearly on the anniversary of this Note. The entire aggregate unpaid principal balance and accrued but unpaid interest shall be due and payable on the first to occur of (a) the consummation of Lender's first underwritten public offering of its Common Stock (other than a registration statement relating either to the sale of securities to employees of Lender pursuant to its stock option, stock purchase or similar plan or an SEC Rule 145 transaction); (b) the consummation of a *"Deemed Liquidation Event"* and distribution of proceeds to or escrow for the benefit of the stockholders of Lender in accordance with Lender's certificate of incorporation as in effect and amended from time to time; (c) Borrower's Termination (as such term is defined in Lender's 2011 Equity Incentive Plan as in effect and amended from time to time); and (d) the fifth anniversary of the date hereof.

The Note may be prepaid in full or in part at any time without penalty or premium; provided, however, that partial prepayments shall be applied first to the payment of interest accrued to the date of such prepayment and then to the payment of principal.

All parties to this Note, including maker and any sureties, endorsers or guarantors, hereby waive protest, presentment, notice of dishonor and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note, notwithstanding any change or changes by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

As an inducement for Lender to accept from Borrower this Note and as collateral security for the payment of any and all indebtedness and liabilities whatsoever of Borrower to Lender evidenced by this Note, the parties hereto have executed a certain Stock Pledge Agreement of even date herewith (the **"Pledge Agreement"),** pursuant to which Borrower has delivered, assigned and pledged to Lender and has granted to Lender a first priority security interest in [ ] shares of Common Stock of Lender owned by Borrower (the **"Stock").**

Upon default of Borrower in the payment of any indebtedness under this Note, Lender's sole recourse with respect to fifty percent (50%) of the sum of (a) unpaid principal of this Note, (b) accrued but unpaid interest on this Note, and (c) collection costs including attorneys' fees in connection therewith (the **"Non-Recourse Portion")** shall be to exercise its rights under the Pledge Agreement. Liability of Borrower under the Non-Recourse Portion of this Note is limited to the shares held by Lender pursuant to the Pledge Agreement, and in no event shall Borrower be liable on the Non-Recourse Portion of this Note for any deficiency resulting from any sale of shares pursuant to the Pledge Agreement, nor shall any action or proceeding be brought by Lender against Borrower to recover judgment against Borrower upon the Non-Recourse Portion of this Note or the Pledge Agreement. Upon default of Borrower in the payment of any indebtedness under this Note, Borrower shall be fully liable for all amounts due under this Note other than the Non-Recourse Portion.

At the sole and absolute discretion of Borrower, Borrower may elect to repay some or all of the amounts due and owing hereunder, at any time and from time to time, whether in the event of Default or otherwise, and without the requirement of Lender's consent or approval, by putting to Lender that number of shares of Stock equal to the amount of such repayment, based upon a price per share of the Stock equal to the fair market value thereof as determined in the most recent third-party appraisal thereof.

This Note is to be governed and construed in accordance with the laws of the State of Delaware.

IN TESTIMONY WHEREOF, the undersigned has executed this instrument the day and year first above written.

BORROWER

_____
(Signature)

_____
(Print Name)

AERPIO PHARMACEUTICALS, INC.
2017 STOCK OPTION AND INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Aerpio Pharmaceuticals, Inc. 2017 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and Consultants of Aerpio Pharmaceuticals, Inc. (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its businesses to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Administrator" means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

"Award" or *"Awards,"* except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights.

"Award Certificate" means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Certificate is subject to the terms and conditions of the Plan.

"Board" means the Board of Directors of the Company.

"Cash-Based Award" means an Award entitling the recipient to receive a cash-denominated payment.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Consultant" means any natural person that provides bona fide services to the Company, and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

"*Covered Employee*" means an employee who is a "Covered Employee" within the meaning of Section 162(m) of the Code.

"*Dividend Equivalent Right*" means an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee.

"*Effective Date*" means the date on which the Plan becomes effective as set forth in Section 21.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Fair Market Value*" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations**.**

"*Incentive Stock Option*" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"*Non-Employee Director*" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"*Non-Qualified Stock Option*" means any Stock Option that is not an Incentive Stock Option.

"*Option*" or "*Stock Option*" means any option to purchase shares of Stock granted pursuant to Section 5.

"*Performance-Based Award*" means any Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award granted to a Covered Employee that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code and the regulations promulgated thereunder.

"*Performance Criteria*" means the criteria that the Administrator selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle. The Performance Criteria (which shall be applicable to the organizational level specified by the Administrator, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: total shareholder return, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, funds from operations or similar measure, sales or revenue, development, clinical or regulatory milestones,

acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Administrator may appropriately adjust any evaluation performance under a Performance Criterion to exclude any of the following events that occurs during a Performance Cycle: (i) asset write-downs or impairments, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reporting results, (iv) accruals for reorganizations and restructuring programs, and (v) any item of an unusual nature or of a type that indicates infrequency of occurrence, or both, including those described in the Financial Accounting Standards Board's authoritative guidance and/or in management's discussion and analysis of financial condition of operations appearing the Company's annual report to stockholders for the applicable year.

"*Performance Cycle"* means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a grantee's right to and the payment of a Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award, the vesting and/or payment of which is subject to the attainment of one or more Performance Goals. Each such period shall not be less than 12 months.

"*Performance Goals"* means, for a Performance Cycle, the specific goals established in writing by the Administrator for a Performance Cycle based upon the Performance Criteria.

"*Performance Share Award"* means an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals.

"*Restricted Shares"* means the shares of Stock underlying a Restricted Stock Award that remain subject to a risk of forfeiture or the Company's right of repurchase.

"*Restricted Stock Award"* means an Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"*Restricted Stock Units"* means an Award of stock units subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"*Sale Event"* shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

"*Sale Price*" means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

"*Section 409A*" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"*Stock*" means the Common Stock, par value $0.0001 per share, of the Company, subject to adjustments pursuant to Section 3.

"*Stock Appreciation Right*" means an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

"*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

"*Ten Percent Owner*" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

"*Unrestricted Stock Award*" means an Award of shares of Stock free of any restrictions.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Certificates;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(c), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. Subject to applicable law, the Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not Covered Employees. Any such delegation by the Administrator shall include a limitation as to the amount of Stock underlying Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Award Certificate. Awards under the Plan shall be evidenced by Award Certificates that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable in the event employment or service terminates.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(f) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Administrator determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Administrator determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 4,600,000 shares, less the number of shares subject to issued and outstanding awards under the Aerpio Therapeutics, Inc. 2011 Equity Plan that were assumed pursuant to that agreement and plan of merger by and between the Company, a wholly-owned subsidiary of the Company and Aerpio Therapeutics, Inc. (after giving effect to the adjustments to such awards provided therein) (the "Initial Limit"), subject to adjustment as provided in Section 3(c), plus on January 1, 2018 and each January 1 thereafter, the number of shares of Stock reserved and available for issuance under the Plan shall be cumulatively increased by the lesser of (i) 4 percent of the number of shares of Stock issued and outstanding on the immediately preceding December 31 or (ii) such number of shares as determined by the Board (the "Annual Increase"). Subject to such overall limitation, the maximum aggregate number of shares of Stock that may be issued in the form of Incentive Stock Options shall not exceed the Initial Limit cumulatively increased on January 1, 2018 and on each January 1 thereafter by the lesser of the Annual Increase for such year or 4,600,000 shares of Stock, subject in all cases to adjustment as provided in Section 3(c). For purposes of this limitation, the shares of Stock underlying any Awards that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 4,600,00 shares of Stock may be granted to any one individual grantee during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Maximum Awards to Non-Employee Directors. Notwithstanding anything to the contrary in this Plan, the value of all Awards awarded under this Plan and all other cash compensation paid by the Company to any Non-Employee Director in any calendar year shall

not exceed $750,000. For the purpose of this limitation, the value of any Award shall be its grant date fair value, as determined in accordance with ASC 718 or successor provision but excluding the impact of estimated forfeitures related to service-based vesting provisions.

(c) Changes in Stock. Subject to Section 3(d) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee and the maximum number of shares that may be granted under a Performance-Based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (v) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(d) Mergers and Other Transactions. In the case of and subject to the consummation of a Sale Event, the parties thereto may cause the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent the parties to such Sale Event do not provide for the assumption, continuation or substitution of Awards, upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate. In such case, except as may be otherwise provided in the relevant Award Certificate, all Options and Stock Appreciation Rights that are not exercisable immediately prior to the effective time of the Sale Event shall become fully exercisable as of the effective time of the Sale Event, all other Awards with time-based vesting, conditions or restrictions shall become fully vested and nonforfeitable as of the effective time of the Sale Event, and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with a Sale Event in the Administrator's discretion or to the extent specified in the relevant Award Certificate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make

or provide for a payment, in cash or in kind, to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights (to the extent then exercisable) held by such grantee. The Company shall also have the option (in its sole discretion) to make or provide for a payment, in cash or in kind, to the grantees holding other Awards in an amount equal to the Sale Price multiplied by the number of vested shares of Stock under such Awards.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, Non-Employee Directors and Consultants of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

SECTION 5. STOCK OPTIONS

(a) Award of Stock Options. The Administrator may grant Stock Options under the Plan. Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

(b) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(c) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(d) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(e) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods except to the extent otherwise provided in the Option Award Certificate:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership following such procedures as the Company may prescribe) of shares of Stock that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Company shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award Certificate or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(f) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Award of Stock Appreciation Rights. The Administrator may grant Stock Appreciation Rights under the Plan. A Stock Appreciation Right is an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of a share of Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

(b) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(c) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(d) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined on the date of grant by the Administrator. The term of a Stock Appreciation Right may not exceed ten years. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Administrator may grant Restricted Stock Awards under the Plan. A Restricted Stock Award is any Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Shares and receipt of dividends; provided that if the lapse of restrictions with respect to the Restricted Stock Award is tied to the attainment of performance goals, any dividends paid by the Company during the performance period shall accrue and shall not be paid to the grantee until and to the extent the performance goals are met with respect to the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Shares shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted

Shares are vested as provided in Section 7(d) below, and (ii) certificated Restricted Shares shall remain in the possession of the Company until such Restricted Shares are vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Certificate. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, if a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Shares that have not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other service relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of Restricted Shares that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Shares. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Shares and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Shares and shall be deemed "vested."

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Administrator may grant Restricted Stock Units under the Plan. A Restricted Stock Unit is an Award of stock units that may be settled in shares of Stock upon the satisfaction of such restrictions and conditions at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Except in the case of Restricted Stock Units with a deferred settlement date that complies with Section 409A, at the end of the vesting period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. Restricted Stock Units with deferred settlement dates are subject to Section 409A and shall contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order to comply with the requirements of Section 409A.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other

rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Certificate.

(c) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of Restricted Stock Units; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the stock units underlying his Restricted Stock Units, subject to the provisions of Section 11 and such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. An Unrestricted Stock Award is an Award pursuant to which the grantee may receive shares of Stock free of any restrictions under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 10. CASH-BASED AWARDS

Grant of Cash-Based Awards. The Administrator may grant Cash-Based Awards under the Plan. A Cash-Based Award is an Award that entitles the grantee to a payment in cash upon the attainment of specified Performance Goals. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash.

SECTION 11. PERFORMANCE SHARE AWARDS

(a) Nature of Performance Share Awards. The Administrator may grant Performance Share Awards under the Plan. A Performance Share Award is an Award entitling the grantee to receive shares of Stock upon the attainment of performance goals. The Administrator shall determine whether and to whom Performance Share Awards shall be granted, the performance goals, the periods during which performance is to be measured, which may not be less than one year except in the case of a Sale Event, and such other limitations and conditions as the Administrator shall determine.

(b) Rights as a Stockholder. A grantee receiving a Performance Share Award shall have the rights of a stockholder only as to shares of Stock actually received by the grantee under the Plan and not with respect to shares subject to the Award but not actually received by the grantee. A grantee shall be entitled to receive shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award Certificate (or in a performance plan adopted by the Administrator).

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Performance Share Awards shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 12. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

(a) Performance-Based Awards. The Administrator may grant one or more Performance-Based Awards in the form of a Restricted Stock Award, Restricted Stock Units, Performance Share Awards or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. Each Performance-Based Award shall comply with the provisions set forth below.

(b) Grant of Performance-Based Awards. With respect to each Performance-Based Award granted to a Covered Employee, the Administrator shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance Criteria established by the Administrator may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) Payment of Performance-Based Awards. Following the completion of a Performance Cycle, the Administrator shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Administrator shall then determine the actual size of each Covered Employee's Performance-Based Award.

(d) Maximum Award Payable. The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 4,600,000 shares of Stock (subject to adjustment as provided in Section 3(c) hereof) or $2,000,000 in the case of a Performance-Based Award that is a Cash-Based Award.

SECTION 13. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. The Administrator may grant Dividend Equivalent Rights under the Plan. A Dividend Equivalent Right is an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other Award to which it relates) if such shares had been issued to the grantee. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of an award of Restricted Stock Units or Performance Share Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of an Award of Restricted Stock Units or Performance Share Award shall provide that such Dividend Equivalent Right shall be settled only upon settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award.

(b) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 14. TRANSFERABILITY OF AWARDS

(a) Transferability. Except as provided in Section 14(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 14(a), the Administrator, in its discretion, may provide either in the Award Certificate regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Non-Qualified Stock Options to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) Family Member. For purposes of Section 14(b), "family member" shall mean a grantee's 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 of the grantee), a trust in which these persons (or the grantee) have more than 50 percent 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 50 percent of the voting interests.

(d) Designation of Beneficiary. To the extent permitted by the Company, each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

SECTION 15. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, a grantee may elect to have the Company's tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due; provided, however, that to the extent necessary to avoid adverse accounting treatment, such share withholding shall not exceed the minimum required tax withholding obligation. The Administrator may also require Awards to be subject to mandatory share withholding up to the required withholding amount. For purposes of share withholding, the Fair Market Value of withheld shares shall be determined in the same manner as the value of Stock includible in income of the Participants.

SECTION 16. SECTION 409A AWARDS

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is then considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

SECTION 17. TERMINATION OF EMPLOYMENT, TRANSFER, LEAVE OF ABSENCE, ETC.

(a) Termination of Employment. If the grantee's employer ceases to be a Subsidiary, the grantee shall be deemed to have terminated employment for purposes of the Plan.

(b) For purposes of the Plan, the following events shall not be deemed a termination of employment:

(i) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 18. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(c) or 3(d), without prior stockholder approval, in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect repricing through cancellation and re-grants or cancellation of Stock Options or Stock Appreciation Rights in exchange for cash or other Awards. To the extent required under the rules of any securities exchange or market system on which the Stock is listed, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 18 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(c) or 3(d).

SECTION 19. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 20. GENERAL PROVISIONS

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 20(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(d) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(e) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(f) Clawback Policy. Awards under the Plan shall be subject to the Company's clawback policy, as in effect from time to time.

SECTION 21. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon stockholder approval in accordance with applicable state law, the Company's bylaws and articles of incorporation, and applicable stock exchange rules. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth anniversary of the date the Plan is approved by the Board.

SECTION 22. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: March 3, 2017

DATE APPROVED BY STOCKHOLDERS: March 10, 2017

Exhibit 10.3

AERPIO PHARMACEUTICALS, INC.

2017 EMPLOYEE STOCK PURCHASE PLAN

The purpose of the Aerpio Pharmaceuticals, Inc. 2017 Employee Stock Purchase Plan ("the Plan") is to provide eligible employees of Aerpio Pharmaceuticals, Inc. (the "Company") and each Designated Subsidiary (as defined in Section 11) with opportunities to purchase shares of the Company's common stock, par value $0.0001 per share (the "Common Stock"). 300,000 shares of Common Stock in the aggregate have been approved and reserved for this purpose, plus on January 1, 2018, and each January 1 thereafter through January 1, 2027, the number of shares of Common Stock reserved and available for issuance under the Plan shall be cumulatively increased by the lesser of (i) one percent (1%) of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31st or (ii) such number of shares of Common Stock as determined by the Board (as defined below). The Plan is intended to constitute an "employee stock purchase plan" within the meaning of Section 423(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted in accordance with that intent.

1. Administration. The Plan will be administered by the person or persons (the "Administrator") appointed by the Company's Board of Directors (the "Board") for such purpose. The Administrator has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) make all determinations it deems advisable for the administration of the Plan; (iv) decide all disputes arising in connection with the Plan; and (v) otherwise supervise the administration of the Plan. All interpretations and decisions of the Administrator shall be binding on all persons, including the Company and the Participants. No member of the Board or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

2. Offerings. The Company will make one or more offerings to eligible employees to purchase Common Stock under the Plan ("Offerings"). Unless otherwise determined by the Administrator, an Offering will begin on the first business day occurring on or after each January 1 and July 1 and will end on the last business day occurring on or before the following June 30 and December 31, respectively. The Administrator may, in its discretion, designate a different period for any Offering, provided that no Offering shall exceed one year in duration or overlap any other Offering.

3. Eligibility. All individuals classified as employees on the payroll records of the Company and each Designated Subsidiary are eligible to participate in any one or more of the Offerings under the Plan, provided that as of the first day of the applicable Offering (the "Offering Date") they are customarily employed by the Company or a Designated Subsidiary for more than 20 hours a week and have completed at least 30 days of employment. Notwithstanding any other provision herein, individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary for purposes of the Company's or applicable Designated Subsidiary's payroll system are not considered to be eligible employees of the Company or any Designated Subsidiary and shall not be eligible to participate in the Plan. In the event any such individuals are reclassified as employees of the Company or a Designated Subsidiary for any purpose, including, without limitation, common law or statutory employees, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding,

such individuals shall, notwithstanding such reclassification, remain ineligible for participation. Notwithstanding the foregoing, the exclusive means for individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary on the Company's or Designated Subsidiary's payroll system to become eligible to participate in this Plan is through an amendment to this Plan, duly executed by the Company, which specifically renders such individuals eligible to participate herein.

4. Participation.

(a) An eligible employee who is not a Participant in any prior Offering may participate in a subsequent Offering by submitting an enrollment form to his or her appropriate payroll location at least 15 business days before the Offering Date (or by such other deadline as shall be established by the Administrator for the Offering).

(b) Enrollment. The enrollment form will (a) state a whole percentage or amount to be deducted from an eligible employee's Compensation (as defined in Section 11) per pay period, (b) authorize the purchase of Common Stock in each Offering in accordance with the terms of the Plan and (c) specify the exact name or names in which shares of Common Stock purchased for such individual are to be issued pursuant to Section 10. An employee who does not enroll in accordance with these procedures will be deemed to have waived the right to participate. Unless a Participant files a new enrollment form or withdraws from the Plan, such Participant's deductions and purchases will continue at the same percentage or amount of Compensation for future Offerings, provided he or she remains eligible.

(c) Notwithstanding the foregoing, participation in the Plan will neither be permitted nor be denied contrary to the requirements of the Code.

5. Employee Contributions. Each eligible employee may authorize payroll deductions at a minimum of 1 percent up to a maximum of 15 percent of such employee's Compensation for each pay period. The Company will maintain book accounts showing the amount of payroll deductions made by each Participant for each Offering. No interest will accrue or be paid on payroll deductions.

6. Deduction Changes. Except as may be determined by the Administrator in advance of an Offering, a Participant may not increase or decrease his or her payroll deduction during any Offering, but may increase or decrease his or her payroll deduction with respect to the next Offering (subject to the limitations of Section 5) by filing a new enrollment form at least 15 business days before the next Offering Date (or by such other deadline as shall be established by the Administrator for the Offering). The Administrator may, in advance of any Offering, establish rules permitting a Participant to increase, decrease or terminate his or her payroll deduction during an Offering.

7. Withdrawal. A Participant may withdraw from participation in the Plan by delivering a written notice of withdrawal to his or her appropriate payroll location. The Participant's withdrawal will be effective as of the next business day. Following a Participant's withdrawal, the Company will promptly refund such individual's entire account balance under the Plan to him or her (after payment for any Common Stock purchased before the effective date of withdrawal). Partial withdrawals are not permitted. Such an employee may not begin participation again during the remainder of the Offering, but may enroll in a subsequent Offering in accordance with Section 4.

8. Grant of Options. On each Offering Date, the Company will grant to each eligible employee who is then a Participant in the Plan an option ("Option") to purchase on the last day of such Offering (the "Exercise Date"), at the Option Price hereinafter provided for, the lowest of (a) a number of shares of Common Stock determined by dividing such Participant's accumulated payroll deductions on such Exercise Date by the lower of (i) 85 percent of the Fair Market Value of the Common Stock on the Offering Date, or (ii) 85 percent of the Fair Market Value of the Common Stock on the Exercise Date, (b) a number of shares of Common Stock determined by multiplying $2,083 by the number of full months in such Offering and dividing the result by the Fair Market Value of the Common Stock on the Offering Date, or (c) such other lesser maximum number of shares as shall have been established by the Administrator in advance of the Offering; provided, however, that such Option shall be subject to the limitations set forth below. Each Participant's Option shall be exercisable only to the extent of such Participant's accumulated payroll deductions on the Exercise Date. The purchase price for each share purchased under each Option (the "Option Price") will be 85 percent of the Fair Market Value of the Common Stock on the Offering Date or the Exercise Date, whichever is less.

Notwithstanding the foregoing, no Participant may be granted an option hereunder if such Participant, immediately after the option was granted, would be treated as owning stock possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or any Parent or Subsidiary (as defined in Section 11). For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of a Participant, and all stock which the Participant has a contractual right to purchase shall be treated as stock owned by the Participant. In addition, no Participant may be granted an Option which permits his or her rights to purchase stock under the Plan, and any other employee stock purchase plan of the Company and its Parents and Subsidiaries, to accrue at a rate which exceeds $25,000 of the fair market value of such stock (determined on the option

grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted.

9. Exercise of Option and Purchase of Shares. Each employee who continues to be a Participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Option on such date and shall acquire from the Company such number of whole shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will purchase at the Option Price, subject to any other limitations contained in the Plan. Any amount remaining in a Participant's account at the end of an Offering solely by reason of the inability to purchase a fractional share will be carried forward to the next Offering; any other balance remaining in a Participant's account at the end of an Offering will be refunded to the Participant promptly.

10. Issuance of Certificates. Certificates representing shares of Common Stock purchased under the Plan may be issued only in the name of the employee, in the name of the employee and another person of legal age as joint tenants with rights of survivorship, or in the name of a broker authorized by the employee to be his, her or their, nominee for such purpose.

11. Definitions.

The term "Compensation" means the amount of base pay, prior to salary reduction pursuant to Sections 125, 132(f) or 401(k) of the Code, but excluding overtime, commissions, incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gains on the exercise of Company stock options, and similar items.

The term “Designated Subsidiary” means any present or future Subsidiary (as defined below) that has been designated by the Board to participate in the Plan. The Board may so designate any Subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders. The current list of Designated Subsidiaries is attached hereto as Appendix A.

The term “Fair Market Value of the Common Stock” on any given date means the fair market value of the Common Stock determined in good faith by the Administrator; provided, however, that if the Common Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to the closing price on such date. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price.

The term “Parent” means a “parent corporation” with respect to the Company, as defined in Section 424(e) of the Code.

The term “Participant” means an individual who is eligible as determined in Section 3 and who has complied with the provisions of Section 4.

The term “Subsidiary” means a “subsidiary corporation” with respect to the Company, as defined in Section 424(f) of the Code.

12. Rights on Termination of Employment. If a Participant’s employment terminates for any reason before the Exercise Date for any Offering, no payroll deduction will be taken from any pay due and owing to the Participant and the balance in the Participant’s account will be paid to such Participant or, in the case of such Participant’s death, to his or her designated beneficiary as if such Participant had withdrawn from the Plan under Section 7. An employee

will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Designated Subsidiary, ceases to be a Subsidiary, or if the employee is transferred to any corporation other than the Company or a Designated Subsidiary. An employee will not be deemed to have terminated employment for this purpose, if the employee is on an approved leave of absence for military service or sickness or for any other purpose approved by the Company, if the employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise provides in writing.

13. Special Rules. Notwithstanding anything herein to the contrary, the Administrator may adopt special rules applicable to the employees of a particular Designated Subsidiary, whenever the Administrator determines that such rules are necessary or appropriate for the implementation of the Plan in a jurisdiction where such Designated Subsidiary has employees; provided that such rules are consistent with the requirements of Section 423(b) of the Code. Any special rules established pursuant to this Section 13 shall, to the extent possible, result in the employees subject to such rules having substantially the same rights as other Participants in the Plan.

14. Optionees Not Stockholders. Neither the granting of an Option to a Participant nor the deductions from his or her pay shall constitute such Participant a holder of the shares of Common Stock covered by an Option under the Plan until such shares have been purchased by and issued to him or her.

15. Rights Not Transferable. Rights under the Plan are not transferable by a Participant other than by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by the Participant.

16. Application of Funds. All funds received or held by the Company under the Plan may be combined with other corporate funds and may be used for any corporate purpose.

17. Adjustment in Case of Changes Affecting Common Stock. In the event of a subdivision of outstanding shares of Common Stock, the payment of a dividend in Common Stock or any other change affecting the Common Stock, the number of shares approved for the Plan and the share limitation set forth in Section 8 shall be equitably or proportionately adjusted to give proper effect to such event.

18. Amendment of the Plan. The Board may at any time and from time to time amend the Plan in any respect, except that without the approval within 12 months of such Board action by the stockholders, no amendment shall be made increasing the number of shares approved for the Plan or making any other change that would require stockholder approval in order for the Plan, as amended, to qualify as an "employee stock purchase plan" under Section 423(b) of the Code.

19. Insufficient Shares. If the total number of shares of Common Stock that would otherwise be purchased on any Exercise Date plus the number of shares purchased under previous Offerings under the Plan exceeds the maximum number of shares issuable under the Plan, the shares then available shall be apportioned among Participants in proportion to the amount of payroll deductions accumulated on behalf of each Participant that would otherwise be used to purchase Common Stock on such Exercise Date.

20. Termination of the Plan. The Plan may be terminated at any time by the Board. Upon termination of the Plan, all amounts in the accounts of Participants shall be promptly refunded.

21. Governmental Regulations. The Company's obligation to sell and deliver Common Stock under the Plan is subject to obtaining all governmental approvals required in connection with the authorization, issuance, or sale of such stock.

22. Governing Law. This Plan and all Options and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

23. Issuance of Shares. Shares may be issued upon exercise of an Option from authorized but unissued Common Stock, from shares held in the treasury of the Company, or from any other proper source.

24. Tax Withholding. Participation in the Plan is subject to any minimum required tax withholding on income of the Participant in connection with the Plan. Each Participant agrees, by entering the Plan, that the Company and its Subsidiaries shall have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including shares issuable under the Plan.

25. Notification Upon Sale of Shares. Each Participant agrees, by entering the Plan, to give the Company prompt notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the Option pursuant to which such shares were purchased or within one year after the date such shares were purchased.

26. Effective Date and Approval of Shareholders. The Plan shall take effect on the later of the date it is adopted by the Board and the date it is approved by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present or by written consent of the stockholders.

APPENDIX A

Designated Subsidiaries

Aerpio Therapeutics LLC

AERPIO PHARMACEUTICALS, INC.

DIRECTOR INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of March , 2017 by and between Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and [Director] ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Fifth Amended and Restated Certificate of Incorporation (as amended and in effect from time to time, the "Charter") and the Amended and Restated By-laws (as amended and in effect from time to time, the "By-laws") of the Company require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the Charter, the By-laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company's stockholders;

WHEREAS, it is reasonable and prudent for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Charter or the By-laws, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Charter, the By-laws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

[WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by [ ] ("[ ]") which Indemnitee and [ ] intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided in this Agreement, with the Company's acknowledgment and agreement to the foregoing being a material condition to Indemnitee's willingness to serve or continue to serve on the Board.]

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to [continue to] serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by law). This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions.

As used in this Agreement:

(a) "Change in Control" shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

(b) "Corporate Status" describes the status of a person as a current or former director of the Company or current or former director, manager, partner, officer, employee, agent or trustee of any other Enterprise which such person is or was serving at the request of the Company.

(c) "Enforcement Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with an action to enforce indemnification or advancement rights, or an appeal from such action. Expenses, however, shall not include fees, salaries, wages or benefits owed to Indemnitee.

(d) "Enterprise" shall mean any corporation (other than the Company), partnership, joint venture, trust, employee benefit plan, limited liability company, or other legal entity of which Indemnitee is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee.

(e) "Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding. Expenses, however, shall not include any judgments, fines or penalties actually levied against Indemnitee for such individual's violations of law.

(f) "Independent Counsel" means a law firm, or a partner (or, if applicable, member or shareholder) of such a law firm, that is experienced in matters of Delaware corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company, any subsidiary of the Company, any Enterprise or Indemnitee in any matter material to any such party; or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory or investigative nature, and whether formal or informal, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director of the Company or is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise or by reason of any action taken by Indemnitee or of any action taken on his or her part while acting as a director of the Company or while serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement; provided, however, that the term "Proceeding" shall not include any action, suit or arbitration, or part thereof, initiated by Indemnitee to enforce Indemnitee's rights under this Agreement as provided for in Section 12(a) of this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee to the extent set forth in this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee to the extent set forth in this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement and except as provided in Section 7, to the extent that Indemnitee is a party to or a participant in any Proceeding and is successful in such Proceeding or in defense of any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each claim, issue or matter for the maximum portion for which the Indemnitee is entitled. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Reimbursement for Expenses of a Witness or in Response to a Subpoena. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of his or her Corporate Status, (i) is a witness in any Proceeding to which Indemnitee is not a party and is not threatened to be made a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, the Company shall reimburse Indemnitee for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement:

(a) to indemnify for amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise; provided that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors as set forth in Section 13(c);

(b) to indemnify for a final judgment rendered against the Indemnitee for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law;

(c) to indemnify with respect to any Proceeding, or part thereof, brought by Indemnitee against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such Proceeding or part thereof and (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided, however, that this Section 7(d) shall not apply to (A) counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee or (B) any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought as described in Section 12; or

(d) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

Section 8. Advancement of Expenses. Subject to Section 9(b), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made as incurred, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Nothing in this Section 8 shall limit Indemnitee's right to advancement pursuant to Section 12(e) of this Agreement.

Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor specifying the basis for the claim, the amounts for which Indemnitee is seeking payment under this Agreement, and all documentation related thereto as reasonably requested by the Company.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, or (C) the Company shall not continue to retain such counsel to defend such Proceeding, then the fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder.

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to paragraph (b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a), a determination, if such determination is required by applicable law, with respect to Indemnitee's entitlement to indemnification hereunder shall be made in the specific case by one of the following methods: (x) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board; or (y) if a Change in Control shall not have occurred: (i) by a majority vote of the disinterested directors, even though less than a quorum; (ii) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum; or (iii) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought. In the case that such determination is made by Independent Counsel, a copy of Independent Counsel's written opinion

shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination. Indemnitee shall cooperate with the Independent Counsel or the Company, as applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any out-of-pocket costs or expenses (including reasonable attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Independent Counsel or the Company shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected by the Board if a Change in Control shall not have occurred or, if a Change in Control shall have occurred, by Indemnitee. Indemnitee or the Company, as the case may be, may, within ten (10) days after written notice of such selection, deliver to the Company or Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 9(a), and (ii) the final disposition of the Proceeding, including any appeal therein, no Independent Counsel shall have been selected without objection, either Indemnitee or the Company may petition the Delaware Court for resolution of any objection which shall have been made by Indemnitee or the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate. The person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) To the extent permitted by applicable law, in making a determination with respect to entitlement to indemnification hereunder, it shall be presumed that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful. It shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(c) The knowledge and/or actions, or failure to act, of any director, manager, partner, officer, employee, agent or trustee of the Company, any subsidiary of the Company, or any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(f), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification for which a determination is to be made other than by Independent Counsel, (iv) payment of indemnification or reimbursement of expenses is not made pursuant to Section 5 or 6 or the last sentence of Section 10(a) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Delaware Court of his or her entitlement to such indemnification or advancement. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided,

however, that the foregoing time limitation shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against any and all Enforcement Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Enforcement Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought. Such written request for advancement shall include invoices received by Indemnitee in connection with such Enforcement Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 13. Non-exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the By-laws, any agreement, a vote of

stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Charter, By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, managers, partners, officers, employees, agents or trustees of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, manager, partner, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by [ ] and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Charter and/or By-laws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 13(c).]

(d) [Except as provided in paragraph (c) above,] in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee [(other than against the Fund Indemnitors)], who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) [Except as provided in paragraph (c) above,] the Company's obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Charter, the By-laws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

Section 18. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification, reimbursement or advancement as provided hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Aerpio Pharmaceuticals, Inc.
9987 Carver Road
Suite 420
Cincinnati, OH 45242
Attention: Joseph Gardner

or to any other address as may have been furnished to Indemnitee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transactions.

Section 21. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnitee with respect to a bona fide claim against Indemnitee or the Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or failures to act by Indemnitee in his or her capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of process at the address set forth in Section 19 of this Agreement with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

AERPIO PHARMACEUTICALS, INC.

By: _____

Name: Joseph Gardner
Title: Chief Executive Officer and President

_____

[Indemnitee]

Exhibit 10.5

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into effective as of March 15, 2017, among Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), the persons who have purchased the Offering Shares and have executed omnibus or counterpart signature page(s) hereto (each, a "**Purchaser**" and collectively, the "**Purchasers**"), the persons or entities identified on Schedule 1 hereto holding Placement Agent Warrants (collectively, the "**Brokers**"), the persons or entities identified on Schedule 2 hereto holding Merger Shares and the persons or entities identified on Schedule 3 hereto holding Registrable Pre-Merger Shares. Capitalized terms used herein shall have the meanings ascribed to them in Section 1 below or in the Subscription Agreement.

RECITALS:

WHEREAS, the Company has offered and sold in compliance with Rule 506 of Regulation D promulgated under the Securities Act to accredited investors in a private placement offering (the "**Offering**") shares of the common stock of the Company, par value $0.0001 per share, pursuant to that certain Subscription Agreement entered into by and between the Company and each of the subscribers for the Offering Shares set forth on the signature pages affixed thereto (the "**Subscription Agreement**"); and

WHEREAS, the Company has agreed to enter into a registration rights agreement with each of the Purchasers in the Offering who purchased the Offering Shares and with the Brokers, or their designees, who hold Placement Agent Warrants and certain other investors; and

WHEREAS, prior to the initial closing of the Offering, a wholly-owned subsidiary of the Company has merged with and into Aerpio Therapeutics, Inc., a Delaware corporation ("**Aerpio**"), and following such merger, Aerpio was converted into a Delaware limited liability company;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Approved Market" means the OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE MKT.

"Blackout Period" means, with respect to a registration, a period during which the Company, in the good faith judgment of its board of directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity, receipt of clinical trial results or other transaction involving the Company, or the unavailability for reasons beyond the Company's control of any required financial statements, disclosure of information which is in its best interest not to publicly disclose, or any other event or condition of similar significance to the Company) that the registration and distribution of the Registrable Securities to be covered by

such registration statement, if any, or the filing of an amendment to such registration statement in the circumstances described in Section 4(h), would be seriously detrimental to the Company and its stockholders, in each case commencing on the day the Company notifies the Holders that they are required, because of the determination described above, to suspend offers and sales of Registrable Securities and ending on the earlier of (1) the date upon which the material non-public information resulting in the Blackout Period is disclosed to the public or ceases to be material and (2) such time as the Company notifies the selling Holders that sales pursuant to such Registration Statement or a new or amended Registration Statement may resume; provided, however, that no Blackout Period shall extend for a period of more than thirty (30) consecutive Trading Days (except for a Blackout Period arising from the filing of a post-effective amendment to the Registration Statement to update the prospectus therein to include the information contained in the Company's Annual Report on Form 10-K, which Blackout Period may extend for the amount of time reasonably required to respond to comments of the staff of the Commission (the "**Staff**") on such amendment) and aggregate Blackout Periods shall not exceed sixty (60) Trading Days in any twelve (12) month period.

"Business Day" means any day of the year, other than a Saturday, Sunday, or other day on which banks in the State of New York are required or authorized to close.

"Commission" means the U. S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, par value $0.0001 per share, of the Company and any and all shares of capital stock or other equity securities of: (i) the Company which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

"Effective Date" means the date of the final closing of the Offering.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Family Member" means (a) with respect to any individual, such individual's spouse, any descendants (whether natural or adopted), any trust all of the beneficial interests of which are owned by any of such individuals or by any of such individuals together with any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the estate of any such individual, and any corporation, association, partnership or limited liability company all of the equity interests of which are owned by those above described individuals, trusts or organizations and (b) with respect to any trust, the owners of the beneficial interests of such trust.

"Holder" means (i) each Purchaser or any of such Purchaser's respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from a Purchaser or from any Permitted Assignee; (ii) each Broker or any of such Broker's respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from an Broker or from any Permitted Assignee; (iii) each Registrable Pre-Merger Stockholder; and (iv) each holder of the Merger Shares or its respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from such holder or from any Permitted Assignee thereof.

"Majority Holders" means, at any time, Holders of a majority of the Registrable Securities then outstanding.

"Merger Shares" means the shares of Common Stock issued in exchange for all of the equity securities of Aerpio that are outstanding immediately prior to the closing of the Merger.

"Permitted Assignee" means (a) with respect to a partnership, its partners or former partners in accordance with their partnership interests, (b) with respect to a corporation, its stockholders in accordance with their interest in the corporation, (c) with respect to a limited liability company, its members or former members in accordance with their interest in the limited liability company, (d) with respect to an individual party, any Family Member of such party, (e) an entity or trust that is controlled by, controls, or is under common control with a transferor, or (f) a party to this Agreement.

"Placement Agent Warrants" shall have the meaning set forth in the Subscription Agreement.

"Offering Shares" means the shares of Common Stock issued to the Purchasers pursuant to the Subscription Agreement (including any Shares of Common Stock issued pursuant to Section 22 of the Subscription Agreement) and any shares of Common Stock issued or issuable with respect to such shares upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Pre-Merger Shares" means 1,000,000 shares of Common Stock of the Company held by stockholders of the Company other than the holders of the Merger Shares and the Offering Shares.

"Registrable Pre-Merger Stockholder" means a person holding Registrable Pre-Merger Shares.

"Registrable Securities" means (a) the Offering Shares, (b) the shares of Common Stock issuable upon exercise of the Placement Agent Warrants, (c) the Merger Shares, and (d) if any, the Registrable Pre-Merger Shares; but, in each case, excluding any otherwise Registrable Securities that (i) have been sold or otherwise transferred other than to a Permitted Assignee, or (ii) may be sold at the time under the Securities Act without restriction, including manner of sale, current information requirements or volume limitations either pursuant to Rule 144 of the Securities Act or otherwise during any ninety (90) day period.

"Registration Default Period" means the period during which any Registration Event occurs and is continuing.

"Registration Effectiveness Date" means the date that is one hundred and fifty (150) calendar days after the Effective Date.

"Registration Event" means the occurrence of any of the following events:

(a) the Company fails to file with the Commission the Registration Statement on or before the Registration Filing Date;

(b) the Registration Statement is not declared effective by the Commission on or before the Registration Effectiveness Date;

(c) after the SEC Effective Date, the Registration Statement ceases for any reason to remain continuously effective or the Holders are otherwise not permitted to utilize the prospectus therein to resell the Registrable Securities for a period of more than fifteen (15) consecutive Trading Days, excluding Blackout Periods permitted herein, and as excused pursuant to Section 3(a); or

(d) the Company's common stock fails to be listed or included for quotation, as applicable, on an Approved Market by September 15, 2017 (the "Approved Market Deadline").

(e) following the Approved Market Deadline, the Registrable Securities, if issued and outstanding, are not listed or included for quotation on an Approved Market, or trading of the Common Stock is suspended or halted on the Approved Market, which at the time constitutes the principal markets for the Common Stock, for more than three (3) full, consecutive Trading Days; provided, however, a Registration Event shall not be deemed to occur if all or substantially all trading in equity securities (including the Common Stock) is suspended or halted on the Approved Market for any length of time.

"Registration Filing Date" means the date that is sixty (60) calendar days after the Effective Date.

"Registration Statement" means the registration statement that the Company is required to file pursuant to Section 3(a) of this Agreement to register the Registrable Securities.

"Restricted Holders" means all officers and directors of the Company and certain stockholders of the Company who have entered into lock-up agreements with the Company upon the closing of the Merger, pursuant to which they agree to certain restrictions on the sale or disposition (including pledge) of the Common Stock held by (or issuable to) them.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"Rule 145" means Rule 145 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"Rule 415" means Rule 415 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"SEC Effective Date" means the date the Registration Statement is declared effective by the Commission.

"Trading Day" means any day on which such national securities exchange, the OTC Markets Group or such other securities market or quotation system, which at the time constitutes the principal securities market for the Common Stock, is open for general trading of securities.

2. Term. This Agreement shall terminate with respect to each Holder on the earlier of: (i) the date that is five (5) years from the SEC Effective Date and (ii) the date on which all Registrable Securities held by such Holder have been transferred other than to a Permitted Assignee. Notwithstanding the foregoing, Section 3(b), Section 6, Section 8, Section 9 and Section 11 shall survive the termination of this Agreement.

3. Registration.

(a) Registration on Form S-1. The Company shall file with the Commission a Registration Statement on Form S-1, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the resale by the Holders of all of the Registrable Securities, and the Company shall (i) use its commercially reasonable efforts to make the initial filing of the Registration Statement no later than the Registration Filing Date, (ii) use its commercially reasonable efforts to cause such Registration Statement to be declared effective no later than the Registration Effectiveness Date and (iii) use its commercially reasonable efforts to keep such Registration Statement effective for a period of five (5) years after the SEC Effective Date or for such shorter period ending on the date on which all Registrable Securities have been transferred other than to a Permitted Assignee (the "**Effectiveness Period**"); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section, or keep such registration effective pursuant to the terms hereunder, in any particular jurisdiction in which the Company would be required to qualify to do business as a foreign corporation or as a dealer in

securities under the securities laws of such jurisdiction or to execute a general consent to service of process in effecting such registration, qualification or compliance, in each case where it has not already done so; and provided further, the Company shall be entitled to suspend the effectiveness of the Registration Statement at any time prior to the expiration of the Effectiveness Period during a Blackout Period. Notwithstanding the foregoing, in the event that the Staff should limit the number of Registrable Securities that may be sold pursuant to the Registration Statement, the Company may remove from the Registration Statement such number of Registrable Securities as specified by the Commission on behalf of all of the holders of Registrable Securities first from the shares of Common Stock issuable upon exercise of the Placement Agent Warrants, on a pro-rata basis among the holders thereof (and on an as-exercised basis with respect to any Placement Agent Warrants not then exercised), second, from the other Registrable Securities, on a pro rata basis among the holders thereof (such Registrable Securities, the "**Reduction Securities**"). In such event, the Company shall give the Purchasers prompt notice of the number of Registrable Securities excluded therefrom. The Company shall use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale the Reduction Securities (pro rata among the Holders of such Reduction Securities) using one or more registration statements that it is then entitled to use. The Company shall use its commercially reasonable efforts to cause each such registration statement to be declared effective under the Securities Act as soon as possible, and shall use its commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act during the entire Effectiveness Period. Notwithstanding the foregoing, the Company shall be entitled to suspend the effectiveness of such Registration Statement at any time prior to the expiration of the Effectiveness Period for the reasons and time periods during a Blackout Period. No liquidated damages shall accrue or be payable to any Holder pursuant to Section 3(b) with respect to any Registrable Securities that are excluded by reason of the Staff limiting the number of Registrable Securities that may be sold pursuant to a registration statement; provided that the Company continues to use commercially reasonable efforts to register such Registrable Securities for resale by other available means. Notwithstanding anything herein to the contrary, if the Commission limits the Company's ability to file, or prohibits or delays the filing of a new registration statement, the Company's compliance with such limitation, prohibition or delay solely to the extent of such limitation, prohibition or delay shall not be deemed a failure by the Company to use commercially reasonable efforts as set forth above or elsewhere in this Agreement and shall not require the payment of any liquidated damages by the Company under this Agreement.

(b) Liquidated Damages. If a Registration Event occurs, then the Company will make payments to each Holder of Registrable Securities, as liquidated damages to such Holder by reason of the Registration Event, a cash sum calculated at a rate of twelve percent (12%) per annum of: (i) the aggregate purchase price paid by such Holder pursuant to the Subscription Agreement, (ii) $5.00 upon exercise of Placement Agent Warrants (or in the case of unexercised Placement Agent Warrants, of the exercise price thereof), or (iii) to a Holder of Merger Shares or Registrable Pre-Merger Shares, the product of $5.00 (as adjusted for stock splits, stock dividends, combinations, recapitalizations or similar events) multiplied by the number of Merger Shares or Registrable Pre-Merger Shares held by such Holder, but in each case of (i)-(iii), only with respect to such Holder's Registrable Securities that are affected by such Registration Event and only for the period during which such Registration Event continues to affect such Registrable Securities. Notwithstanding the foregoing, the maximum amount of

liquidated damages that may be paid by the Company pursuant to this Section 3(b) shall be an amount equal to five percent (5%) of the applicable foregoing amounts described in clauses (i), (ii) and (iii) in the preceding sentence with respect to such Holder's Registrable Securities that are affected by all Registration Events in the aggregate. Each payment of liquidated damages pursuant to this Section 3(b) shall be due and payable in arrears within five (5) days after the end of each full 30-day period of the Registration Default Period until the termination of the Registration Default Period and within five (5) days after such termination. The Registration Default Period shall terminate upon the earlier of such time as the Registrable Securities that are affected by the Registration Event cease to be Registrable Securities or (i) the filing of the Registration Statement in the case of clause (a) of the definition of Registration Event, (ii) the SEC Effective Date in the case of clause (b) of the definition of Registration Event, (iii) the ability of the Holders to effect sales pursuant to the Registration Statement in the case of clause (c) of the definition of Registration Event, and (iv) the listing or inclusion and/or trading of the Common Stock on an Approved Market, as the case may be, in the case of clause (d) or clause (e) of the definition of Registration Event. The amounts payable as liquidated damages pursuant to this Section 3(b) shall be payable in lawful money of the United States. Notwithstanding the foregoing, the Company will not be liable for the payment of liquidated damages described in this Section 3(b) for any delay in registration of Registrable Securities that would otherwise be includable in the Registration Statement pursuant to Rule 415 solely as a result of a comment received from the Staff requiring a limit on the number of Registrable Securities included in such Registration Statement in order for such Registration Statement to be able to avail itself of Rule 415, or, with respect to a Holder, if such Holder fails to provide to the Company information concerning the Holder and manner of distribution of the Holder's Registrable Securities that is required by SEC Rules to be disclosed in a registration statement utilized in connection with the registration of the Registrable Securities. In the event of any such circumstance, the Company will use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale the Registrable Securities that have been cut back from being registered pursuant to Rule 415 only with respect to that portion of the Holders' Registrable Securities that are then Registrable Securities.

(c) Other Limitations. Notwithstanding the provisions of Section 3(b) above, if (i) the Commission does not declare the Registration Statement effective on or before the Registration Effectiveness Date, or (ii) the Commission allows the Registration Statement to be declared effective at any time before or after the Registration Effectiveness Date, subject to the withdrawal of certain Registrable Securities from the Registration Statement, and the reason for (i) or (ii) is the Commission's determination that (x) the offering of any of the Registrable Securities constitutes a primary offering of securities by the Company, (y) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Securities, and/or (z) a Holder of any Registrable Securities must be named as an underwriter, the Holders understand and agree that in the case of (ii) the Company may (notwithstanding anything to the contrary contained herein) reduce, on a pro rata basis, in the manner provided above, the total number of Registrable Securities to be registered on behalf of each such Holder, and in the case of (i) or (ii) the Holder shall not be entitled to liquidated damages with respect to the Registrable Securities not registered for the reason set forth in (i) or so reduced on a pro rata basis as set forth above. The Company shall use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale the Reduction Securities (pro rata among the Holders of such Reduction Securities) using one or more registration statements that it is then

entitled to use. The Company shall use its commercially reasonable efforts to cause each such registration statement to be declared effective under the Securities Act as soon as possible, and shall use its commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act during the entire Effectiveness Period. Notwithstanding the foregoing, the Company shall be entitled to suspend the effectiveness of such Registration Statement at any time prior to the expiration of the Effectiveness Period for the reasons and time periods during a Blackout Period. No liquidated damages shall accrue or be payable to any Holder pursuant to this Section 3(c) with respect to any Registrable Securities that are excluded by reason of the Staff limiting the number of Registrable Securities that may be sold pursuant to a registration statement; provided that the Company continues to use commercially reasonable efforts to register such Registrable Securities for resale by other available means. Notwithstanding anything herein to the contrary, if the Commission limits the Company's ability to file, or prohibits or delays the filing of a new registration statement, the Company's compliance with such limitation, prohibition or delay solely to the extent of such limitation, prohibition or delay shall not be deemed a failure by the Company to use commercially reasonable efforts as set forth above or elsewhere in this Agreement and shall not require the payment of any liquidated damages by the Company under this Agreement.

(d) If the Company receives a written notice from the Holders of at least 50% of the Registrable Securities then outstanding that they desire to distribute the Registrable Securities held by them (or a portion thereof) by means of an underwritten offering or a block trade, the Company shall use commercially reasonable efforts to promptly engage one or more underwriter(s) or investment bank(s) to conduct such an offering of the Registrable Securities (a "**Secondary Offering**"). The underwriter(s) or investment bank(s) will be selected by the Company and shall be reasonably acceptable to the Holders of a majority of the Registrable Securities providing such notice. All Holders proposing to distribute their securities through such Secondary Offering shall enter into an underwriting agreement or other agreement(s), including any lock-up or market standoff agreements, in customary form with the underwriter(s) or investment bank(s) selected for such Secondary Offering as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling Holders. In connection with a Secondary Offering, the Company shall enter into and perform its obligations under an underwriting agreement or other agreement(s), in usual and customary form as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling Holders. Notwithstanding any other provision of this Section 3(d), if the underwriter(s) or investment bank(s) advise(s) such Holders in writing that marketing factors require a limitation on the number of shares to be offered in the Secondary Offering, then the number of Registrable Securities that may be included in such Secondary Offering shall be allocated among such Holders of Registrable Securities, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each such Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such Secondary Offering shall not be reduced unless all other securities are first entirely excluded from the Secondary Offering.

4. Registration Procedures. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will:

(a) prepare and file with the Commission with respect to the Registrable Securities, a Registration Statement in accordance with Section 3(a) hereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and to remain effective for the Effectiveness Period;

(b) not name any Holder in the Registration Statement as an underwriter without that Holder's prior written consent;

(c) if the Registration Statement is subject to review by the Commission, promptly respond to all comments and diligently pursue resolution of any comments to the satisfaction of the Commission;

(d) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective during the Effectiveness Period;

(e) not less than ten (10) Trading Days prior to filing a Registration Statement or any related prospectus or any amendment or supplement thereto, the Company shall furnish to the Holders copies of all such documents proposed to be filed (other than those incorporated by reference) and duly consider any comments received by the Holders;

(f) furnish, without charge, to each Holder of Registrable Securities covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any exhibits thereto other than exhibits incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may reasonably require to consummate the disposition of the Registrable Securities owned by such Holder, but only during the Effectiveness Period; provided that the Company shall have no obligation to furnish any document pursuant to this clause that is available on the EDGAR system;

(g) use its commercially reasonable efforts to register or qualify such registration under such other applicable securities laws of such jurisdictions within the United States as any Holder of Registrable Securities covered by such Registration Statement reasonably requests and as may be necessary for the marketability of the Registrable Securities (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction where it has not already done so;

(h) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities, the disposition of which requires delivery of a prospectus relating thereto under the Securities Act, of the happening of any event, which comes to the Company's attention, that will after the occurrence of such event cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period; provided that any and all information provided to the Holder pursuant to such notification shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law;

(i) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(j) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities being offered or sold pursuant to the Registration Statement of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement;

(k) use its commercially reasonable efforts to cause all the Registrable Securities covered by the Registration Statement to be quoted on the OTC Markets Group or such other principal securities market or quotation system on which securities of the same class or series issued by the Company are then listed or traded or quoted;

(l) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock at all times and cooperate with the Holders to facilitate the timely preparation and delivery of the Registrable Securities to be delivered to a transferee pursuant to the Registration Statement (whether electronically or in certificated form) which Registrable Securities shall be free, to the extent permitted by the Subscription Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request;

(m) cooperate with the Holders of Registrable Securities being offered pursuant to the Registration Statement to issue and deliver, or cause its transfer agent to issue and deliver, certificates representing Registrable Securities to be offered pursuant to the Registration Statement within a reasonable time after the delivery of certificates representing the Registrable Securities to the transfer agent or the Company, as applicable, and enable such certificates to be in such denominations or amounts as the Holders may reasonably request and registered in such names as the Holders may request;

(n) notify the Holders, the Placement Agents and their counsel as promptly as reasonably possible and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day: (i)(A) when a Prospectus or any prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "no review," "review" or a "completion of a review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (in which case the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders that pertain to the Holders as a selling stockholder, but not information which the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has been declared effective, provided, however, that such notice under this clause (C) shall be delivered to each Holder; (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or prospectus or for additional information that pertains to the Holders as selling stockholders; or (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose;

(o) during the Effectiveness Period, refrain from bidding for or purchasing any Common Stock or any right to purchase Common Stock or attempting to induce any person to purchase any such security or right if such bid, purchase or attempt would in any way limit the right of the Holders to sell Registrable Securities by reason of the limitations set forth in Regulation M of the Exchange Act; and

(p) take all other commercially reasonable actions necessary to enable, expedite, or facilitate the Holders to dispose of the Registrable Securities by means of the Registration Statement during the term of this Agreement.

5. Obligations of the Holders.

(a) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(h) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Securities included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(h) hereof or notice of the end of the Blackout Period, and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies (including, without limitation, any and all drafts), other than permanent file copies, then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

(b) The Holders of the Registrable Securities shall provide such information as may reasonably be requested by the Company in connection with the preparation of any registration statement, including amendments and supplements thereto, in order to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 3(a) of this Agreement and in connection with the Company's obligation to comply with federal and applicable state securities laws, including a completed questionnaire in the form attached to this Agreement as Annex A (a "**Selling Securityholder Questionnaire**") or any update thereto not later than three (3) Business Days following a request therefore from the Company.

(c) Each Holder, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Holder has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

6. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of the Company's independent accountants and reasonable fees and disbursements of a single counsel of the Holders selected by the Company and reasonably acceptable to the Holders of at least a majority of the Registrable Securities, in an amount not to exceed $30,000; provided, that, in any underwritten registration or other Secondary Offering, the Company shall have no obligation to pay any underwriting discounts, selling commissions or transfer taxes attributable to the Registrable Securities being sold by the Holders thereof, which underwriting discounts, selling commissions and transfer taxes shall be borne by such Holders. Except as provided in this Section 6 and Section 8 of this Agreement, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder.

7. Assignment of Rights. No Holder may assign its rights under this Agreement to any party without the prior written consent of the Company; provided, however, that any Holder may assign its rights under this Agreement without such consent to a Permitted Assignee as long as (a) such transfer or assignment is effected in accordance with applicable securities laws; (b) such transferee or assignee agrees in writing to become bound by and subject to the terms of this Agreement; and (c) such Holder notifies the Company in writing of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Securities with respect to which such rights are being transferred or assigned. The Company may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto.

8. Indemnification.

(a) In the event of the offer and sale of Registrable Securities under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, partners, and each other person, if any, who controls or is under common control with such Holder within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, and expenses to which the Holder or any such director, officer, partner or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect

thereof) arise out of or are based upon any untrue statement of any material fact contained in any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission to state therein a material fact required to be stated or necessary to make the statements therein in light of the circumstances in which they were made not misleading, and the Company shall reimburse the Holder, and each such director, officer, partner and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case (i) to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (x) an untrue statement in or omission from such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information included in the Selling Securityholder Questionnaire, attached hereto as Annex A, furnished by a Holder or its representative to the Company expressly for use in the preparation thereof or (y) the failure of a Holder to comply with the covenants and agreements contained in Section 5 hereof respecting the sale of Registrable Securities; or (ii) if the person asserting any such loss, claim, damage, liability (or action or proceeding in respect thereof) who purchased the Registrable Securities that are the subject thereof did not receive a copy of an amended preliminary prospectus or the final prospectus (or the final prospectus as amended or supplemented) at or prior to the written confirmation of the sale of such Registrable Securities to such person because of the failure of such Holder to so provide such amended preliminary or final prospectus and the untrue statement or omission of a material fact made in such preliminary prospectus was corrected in the amended preliminary or final prospectus (or the final prospectus as amended or supplemented). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders, or any such director, officer, partner or controlling person and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Securities in any registration statement filed pursuant to this Agreement, each Holder agrees, severally and not jointly, to be bound by the terms of this Section 8 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors, officers, partners, and each underwriter, if any, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of a material fact or any omission of a material fact required to be stated in any registration statement, any preliminary prospectus, final prospectus, summary prospectus, amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is included or omitted in reliance upon and in conformity with written information included in the Selling Securityholder Questionnaire, attached hereto as Annex A, furnished by the Holder or its representative to the Company expressly for use in the preparation thereof, and such Holder shall reimburse the Company, and its directors, officers, partners, and any such controlling persons for any legal or other expenses reasonably incurred by them in connection with investigating, defending, or

settling any such loss, claim, damage, liability, action, or proceeding; provided, however, that indemnity obligation contained in this Section 8(b) shall in no event exceed the amount of the net proceeds received by such Holder as a result of the sale of such Holder's Registrable Securities pursuant to such registration statement, except in the case of fraud or willful misconduct. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer by any Holder of such shares.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section 8 (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in the reasonable judgment of counsel to such indemnified party a conflict of interest between such indemnified party and indemnifying parties may exist or the indemnified party may have defenses not available to the indemnifying party in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner, other than reasonable costs of investigation. Neither an indemnified party nor an indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent. No indemnifying party shall, without the consent of the 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 of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If an indemnifying party does not or is not permitted to assume the defense of an action pursuant to Section 8(c) or in the case of the expense reimbursement obligation set forth in Sections 8(a) and 8(b), the indemnification required by Sections 8(a) and 8(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expenses, losses, damages, or liabilities are incurred.

(e) If the indemnification provided for in Section 8(a) or 8(b) 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, 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 (i) in such proportion as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, then in such proportion as is appropriate to reflect not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. Notwithstanding any other provision of this Section 8(e), no Holder shall be required to contribute any amount in excess of the amount by which the net proceeds received by such Holder from the sale of the Registrable Securities pursuant to the Registration Statement exceeds the amount of damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement of a material fact or omission, except in the case of fraud or willful misconduct. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

9. Rule 144. The Company shall file with the Commission "Form 10 information" (as defined in Rule 144(i)(3) under the Securities Act) reflecting its status as an entity that is no longer an issuer described in Rule 144(i)(1)(i) promptly following the closing of the Merger. Following the Effective Date, the Company will use its commercially reasonable efforts to timely file all reports required to be filed by the Company after the date hereof under the Exchange Act and the rules and regulations adopted by the Commission thereunder, and if the Company is not required to file reports pursuant to such sections, it will prepare and furnish to the Purchasers and make publicly available in accordance with Rule 144(c) such information as is required for the Purchasers to sell shares of Common Stock under Rule 144.

10. Independent Nature of Each Purchaser's Obligations and Rights. The obligations of each Purchaser and each Broker under this Agreement are several and not joint with the obligations of any other Purchaser or Broker, and each Purchaser and each Broker shall not be responsible in any way for the performance of the obligations of any other Purchaser or any Broker under this Agreement. Nothing contained herein and no action taken by any Purchaser or Broker pursuant hereto, shall be deemed to constitute such Purchasers and/or Brokers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers and/or Brokers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser and each Broker shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser or Broker to be joined as an additional party in any proceeding for such purpose.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the State of Delaware, both substantive and remedial, without regard to Delaware conflicts of law principles. Any judicial proceeding brought against either of the parties to this Agreement or any dispute arising out of this Agreement or any matter related hereto shall be brought in the state or federal courts located in the State of Delaware and, by its execution and delivery of this Agreement, each party to this Agreement accepts the jurisdiction of such courts. The foregoing consent to jurisdiction shall not be deemed to confer rights on any person other than the parties to this Agreement.

(b) Remedies. Except as otherwise specifically set forth herein with respect to a Registration Event, in the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Except as otherwise specifically set forth herein with respect to a Registration Event, the Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) Subsequent Registration Rights. Except with respect to the Registration Rights Agreement to be entered into among the Company and certain of the Holders hereto who were former stockholders of Aerpio, until the Registration Statement required hereunder is declared effective by the Commission, the Company shall not enter into any agreement granting any registration rights with respect to any of its securities to any Person without the written consent of Holders representing no less than a majority of the outstanding Registrable Securities.

(d) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, Permitted Assignees, executors and administrators of the parties hereto.

(e) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(f) Entire Agreement. This Agreement and the documents, instruments and other agreements specifically referred to herein or delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(g) Notices, etc. All notices, consents, waivers, and other communications which are required or permitted under this Agreement shall be in writing will be deemed given to a party (a) upon receipt, when personally delivered; (b) one (1) Business Day after deposit with an nationally recognized overnight courier service with next day delivery specified, costs

prepaid) on the date of delivery, if delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (c) the date of transmission if sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment if such notice or communication is delivered prior to 5:00 P.M., New York City time, on a Trading Day, or the next Trading Day after the date of transmission, if such notice or communication is delivered on a day that is not a Trading Day or later than 5:00 P.M., New York City time, on any Trading Day, provided confirmation of facsimile is mechanically or electronically generated and kept on file by the sending party and confirmation of email is kept on file, whether electronically or otherwise, by the sending party and the sending party does not receive an automatically generated message from the recipients email server that such e-mail could not be delivered to such recipient; (d) the date received or rejected by the addressee, if sent by certified mail, return receipt requested, postage prepaid; or (e) seven days after the placement of the notice into the mails (first class postage prepaid), to the party at the address, facsimile number, or e-mail address furnished by the such party,

If to the Company, to:

Aerpio Pharmaceuticals, Inc.
9987 Carver Road, Suite 420
Cincinnati, OH 45242
Attn: Joseph Gardner, Chief Executive Officer
Telephone Number: 513-985-1921
Facsimile: 513-985-0999
E-mail Address: jgardner@aerpio.com

with copy to:

Goodwin Procter, LLP
100 Northern Avenue
Boston, MA 02210
Attention: Kingsley Taft and Danielle Lauzon
Facsimile: 617-523-1231
Telephone Number: 617-570-1000

E-mail Address: ktaft@goodwinlaw.com and dlauzon@goodwinlaw.com

if to a Purchaser or Broker, to:

such Purchaser or Broker at the address set forth on the signature page hereto;

or at such other address as any party shall have furnished to the other parties in writing in accordance with this Section 11(f).

(h) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit,

consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(i) Counterparts. This Agreement may be executed in any number of counterparts, and with respect to any Purchaser, by execution of an Omnibus Signature Page to this Agreement and the Subscription Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission or by an e-mail, which contains a portable document format (.pdf) file of an executed signature page, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or e-mail of a .pdf signature page were an original thereof.

(j) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(k) Amendments. Except as otherwise provided herein, the provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders; provided that this Agreement may not be amended and the observance of any term hereof may not be waived with respect to any Holder without the written consent of such Holder unless such amendment or waiver applies to all Holders in the same fashion. The Purchasers and Brokers acknowledge that by the operation of this Section, the Majority Holders may have the right and power to diminish or eliminate all rights of the Purchasers and/or Brokers under this Agreement.

[COMPANY SIGNATURE PAGE FOLLOWS]

This Registration Rights Agreement is hereby executed as of the date first above written.

THE COMPANY:

Aerpio Pharmaceuticals, Inc.

By: /s/ Joseph H. Gardner
Name: Joseph H. Gardner
Title: President and CEO

PURCHASERS

See Omnibus Signature Pages to Subscription Agreement

BROKER (INDIVIDUAL):

Print Name

Signature

BROKER (ENTITY):

Print Name of Entity

By:
Name:
Title:

REGISTRABLE PRE-MERGER STOCKHOLDER (INDIVIDUAL):

Print Name

Signature

REGISTRABLE PRE-MERGER STOCKHOLDER (ENTITY):

Print Name of Entity

By:
Name:
Title:

HOLDER OF MERGER SHARES (INDIVIDUAL):

Print Name

Signature

HOLDER OF MERGER SHARES (ENTITY):

Print Name of Entity

By:
Name:
Title:

All Holders: Address

Annex A

Aerpio Pharmaceuticals, Inc.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of Registrable Securities of Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the U.S. Securities and Exchange Commission a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended, of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling security holder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling security holder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name:

(a) Full Legal Name of Selling Securityholder

_____

_____

(b) Full Legal Name of Registered Holder (holder of record) (if not the same as (a) above) through which Registrable Securities are held:

_____

_____

(c) If you are not a natural person, full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

_____

2. Address for Notices to Selling Securityholder:

_____

_____

_____

Telephone:_____ Fax:_____
Email:_____

Contact Person:_____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Securityholder:

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company.

(a) Please list the type (common stock, warrants, etc.) and amount of all securities of the Company (including any Registrable Securities) beneficially owned[1] by the Selling Securityholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither you nor (if you are a natural person) any member of your immediate family, nor (if you are not a natural person) any of your affiliates[2], officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

1 ***Beneficially Owned*:** A "beneficial owner" of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) ***voting power***, including the power to direct the voting of such security, *or* (ii) ***investment power***, including the power to dispose of, or direct the disposition of, such security. In addition, a person is deemed to have "beneficial ownership" of a security of which such person has the right to acquire beneficial ownership at any time within 60 days, including, but not limited to, any right to acquire such security: (i) through the exercise of any option, warrant or right, (ii) through the conversion of any security or (iii) pursuant to the power to revoke, or the automatic termination of, a trust, discretionary account or similar arrangement.

It is possible that a security may have more than one "beneficial owner," such as a trust, with two co-trustees sharing voting power, and the settlor or another third party having investment power, in which case each of the three would be the "beneficial owner" of the securities in the trust. The power to vote or direct the voting, or to invest or dispose of, or direct the investment or disposition of, a security may be indirect and arise from legal, economic, contractual or other rights, and the determination of beneficial ownership depends upon who ultimately possesses or shares the power to direct the voting or the disposition of the security.

The final determination of the existence of beneficial ownership depends upon the facts of each case. You may, if you believe the facts warrant it, disclaim beneficial ownership of securities that might otherwise be considered "beneficially owned" by you.

2 ***Affiliate*:** An "affiliate" is a company or person that directly, or indirectly through one or more intermediaries, controls you, or is controlled by you, or is under common control with you.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Selling Securityholder Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

BENEFICIAL OWNER (individual)

_____
Signature

_____
Print Name

_____
Signature (if Joint Tenants or Tenants in Common)

BENEFICIAL OWNER (entity)

_____
Name of Entity

_____
Signature

Print Name: _____

Title: _____

PLEASE E-MAIL OR FAX A COPY OF THE COMPLETED AND EXECUTED SELLING SECURITYHOLDER NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

CKR Law LLP
1330 Avenue of the Americas, 14th Floor
New York, NY 10022
Attention: Eleanor Osmanoff
Facsimile: (212) 259-8200
E-mail Address: eosmanoff@ckrlaw.com

Exhibit 10.6

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "*Agreement*") has been executed by the purchaser set forth on the signature page hereof (the "*Purchaser*") in connection with the private placement offering (the "*Offering*") by **Aerpio Pharmaceuticals, Inc.** (f/k/a Zeta Acquisition Corp. II), a Delaware corporation (the "*Company*") of a minimum of $35,000,000 (the "*Minimum Offering*") of shares (the "*Shares*") of the Company's common stock, par value $0.0001 per share ("*Common Stock*"), at a purchase price of $5.00 per Share (the "*Purchase Price*"), plus up to an additional $5,000,000 of Shares at the Purchase Price to cover over-subscriptions (the "*Over-Subscription Option*"), in the event the Offering is oversubscribed. This subscription is being submitted to you in accordance with and subject to the terms and conditions described in this Agreement, the Confidential and Non-Binding Summary Term Sheet of the Company previously provided to the Purchaser relating to the Offering (as the same may be amended or supplemented, the "*Term Sheet*"), and any other Disclosure Materials (as defined below). The minimum subscription is $50,000.00 (10,000 Shares). The Company may accept subscriptions for less than $50,000 in its sole discretion.

The Shares being subscribed for pursuant to this Agreement have not been registered under the Securities Act of 1933, as amended (the "*Securities Act*"). The Offering is being made on a reasonable best efforts basis to "accredited investors," as defined in Regulation D under the Securities Act in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D.

The Shares are being offered and sold in connection with a reverse triangular merger (the "*Merger*") between a subsidiary of the Company and **Aerpio Therapeutics, Inc.**, a Delaware corporation ("*Aerpio*"), pursuant to which Aerpio will become a wholly owned subsidiary of the Company, and all of the outstanding capital stock of Aerpio will be exchanged for shares of the Company's Common Stock (the "*Merger Shares*"), and outstanding Aerpio stock options will be converted into options to purchase the Company's Common Stock at the same ratio at which shares of outstanding Aerpio capital stock are exchanged, as further described in the Term Sheet, and certain other transactions on the terms and conditions described in the Term Sheet. Such other transactions include (i) immediately following the Merger, the conversion of Aerpio to a Delaware limited liability company (the "*LLC Conversion*"), (ii) immediately following the LLC Conversion, the surrender for cancellation by certain pre-Merger stockholders of the Company of 4,000,000 of the 5,000,000 shares of the Company's Common Stock held by them (the "*Cancellation*") and (iii) immediately following the Cancellation, the Offering.

The undersigned acknowledges receipt of a copy of the Registration Rights Agreement, substantially in the form of Exhibit A hereto (the "*Registration Rights Agreement*"), pursuant to which, among other things, the Company agrees to register under the Securities Act for resale the Shares, the shares of Common Stock issuable upon exercise of the Placement Agent Warrants (as such term is defined below), the Merger Shares and the 1,000,000 shares of Common Stock held by other stockholders of the Company.

Each closing of the Offering (a "*Closing*," and the date on which such Closing occurs hereinafter referred to as the "*Closing Date*") shall take place at the offices of CKR Law LLP, at 1330 Avenue of the Americas, New York, New York 10019 (or such other place as is mutually agreed to by the Company and the Placement Agents (as defined below)). Stockholders of Aerpio prior to the Merger shall purchase a minimum aggregate amount of $17,500,000 of the Offering (the "*Minimum Insider Investment*").

The first Closing will not occur unless:

a. funds deposited in escrow as described in Section **2b** below are equal to at least the Minimum Offering (including the Minimum Insider Investment), and corresponding documentation with respect to such amounts, have been delivered by the Purchaser and other "Purchasers" under Subscription Agreements of like tenor with this Agreement (collectively, the "*Purchasers*") as described in Section **2a** below;

b. the Merger, LLC Conversion and Cancellation have been effected; and

c. the other conditions set forth in Sections 7 and 8 shall have been satisfied.

Thereafter, the Company may conduct one or more additional Closings for the sale of the Shares until the termination of the Offering. Unless terminated earlier by the Company, the Offering shall continue until March 3, 2017, which period may be extended by the Company until a date not later than March 17, 2017, without notice to any Purchaser, past, current or prospective.

The Term Sheet and any supplement or amendment thereto, and any disclosure schedule or other information document, delivered to the Purchaser prior to Purchaser's execution of this Agreement, and any such document delivered to the Purchaser after Purchaser's execution of this Agreement and prior to the Closing of the Purchaser's subscription hereunder (including, without limitation, a substantially complete draft of the Current Report on Form 8-K describing the Merger, the Offering and the related transactions, including "Form 10 information" (as defined in Rule 144(i)(3) under the Securities Act), to be filed by the Company with the Securities and Exchange Commission (the "*SEC*") within four Business Days after the closing of the Merger and the initial Closing of the Offering (the "*Super 8-K*")), are collectively referred to as the "*Disclosure Materials*." ("*Business Day*" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.)

1. **Subscription.** The undersigned Purchaser hereby subscribes to purchase the number of Shares set forth on the Omnibus Signature Page attached hereto, for the aggregate Purchase Price as set forth on such Omnibus Signature Page, subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements contained herein.

2. **Subscription Procedure.** To complete a subscription for the Shares, the Purchaser must fully comply with the subscription procedure provided in paragraphs a. through c. of this Section on or before the Closing Date.

   a. Subscription Documents. On or before the Closing Date, the Purchaser shall review, complete and execute the Omnibus Signature Page to this Agreement and the Registration Rights Agreement, Investor Profile, Anti-Money Laundering Form and Investor Certification, attached hereto following the Omnibus Signature Page (collectively, the "*Subscription Documents*"), if applicable, additional forms and questionnaires distributed to the Purchaser and deliver the Subscription Documents and such additional forms and questionnaires to CKR Law LLP ("*CKR*"), at the address set forth under the caption "*How to subscribe for Shares in the private offering of Aerpio.*" below. Executed documents may be delivered to CKR by facsimile or .pdf sent by electronic mail (e-mail), if the Purchaser delivers the original copies of the documents to CKR as soon as practicable thereafter.

b. Purchase Price. Simultaneously with the delivery of the Subscription Documents to CKR as provided herein, and in any event on or prior to the Closing Date, the Purchaser shall deliver to Delaware Trust Company, in its capacity as escrow agent (the "*Escrow Agent*"), under an escrow agreement among the Company, the Placement Agents (as defined below) and the Escrow Agent (the "*Escrow Agreement*") the full Purchase Price by certified or other bank check or by wire transfer of immediately available funds, pursuant to the instructions set forth under the caption "*How to subscribe for Shares in the private offering of Aerpio*" below. Such funds will be held for the Purchaser's benefit in the escrow account established for the Offering (the "*Escrow Account*") and will be returned promptly, without interest or offset, if this Agreement is not accepted by the Company or the Offering is terminated pursuant to its terms prior to the Closing.

c. Company Discretion. The Purchaser understands and agrees that the Company in its sole discretion reserves the right to accept or reject this or any other subscription for Shares, in whole or in part, notwithstanding prior receipt by the Purchaser of notice of acceptance of this subscription. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Agreement. If this subscription is rejected in whole, or the Offering is terminated, all funds received from the Purchaser will be returned without interest or offset, and this Agreement shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this Agreement will continue in full force and effect to the extent this subscription was accepted.

3. **Placement Agents.** Raymond James & Associates, Inc., National Securities Corporation and Katalyst Securities LLC, each a broker-dealer licensed with FINRA, have been engaged on a co-exclusive basis as placement agents (the "*Placement Agents*") for the Offering on a reasonable best efforts basis. The Placement Agents will be paid at each Closing from the proceeds in the Escrow Account, a cash commission of seven percent (7%) of the gross Purchase Price paid by Purchasers in the Offering introduced by them ("*Cash Fee*") and will receive warrants to purchase a number of shares of Common Stock equal to seven percent (7%) of the number of Shares sold to the investors in the Offering introduced by the Placement Agents, with a term of three (3) years from the relevant Closing Date, and an exercise price of $5.00 per share (the "*Placement Agent Warrants*"); provided, however, that with respect to the Purchase Price paid by existing shareholders of Aerpio or their Affiliates (as defined below), the Placement Agents will be paid a Cash Fee of six percent (6%) and will receive no Placement Agent Warrants. Any sub-agent of a Placement Agent that introduces investors to the Offering will be entitled to share in the Cash Fees and Placement Agent Warrants attributable to those investors as described above, pursuant to the terms of an executed sub-agent agreement. The Company will also pay certain expenses of the Placement Agents in connection with the Offering.

4. **Representations and Warranties of the Company**. Except as set forth in the Super 8-K, which disclosures (other than disclosures under "risk factors" or similar disclosures, unless otherwise specified below) qualify these representations and warranties in their entirety, the Company hereby represents and warrants to the Purchaser, as of the date hereof and on each Closing Date after giving effect to the Merger, the LLC Conversion and the Cancellation (unless otherwise specified), the following:

   a. Organization and Qualification. The Company and each of its subsidiaries is a corporation or other business entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company and each of its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Company and its subsidiaries (in each case as described in the Super 8-K) taken as a whole (a "*Material Adverse Effect*"). Each subsidiary of the Company is identified on **Schedule 4a** attached hereto.

   b. Authorization, Enforcement, Compliance with Other Instruments. (i) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Registration Rights Agreement, the Escrow Agreement and each of the other agreements and documents that are exhibits hereto or thereto or are contemplated hereby or thereby or necessary or desirable to effect the transactions contemplated hereby or thereby (the "*Transaction Documents*") and to issue the Shares, in accordance with the terms hereof and thereof; (ii) the execution and delivery by the Company of each of the Transaction Documents and the consummation by it of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Shares, have been, or will be at the time of execution of such Transaction Document, duly authorized by the Company's Board of Directors, and no further consent or authorization is, or will be at the time of execution of such Transaction Document, required by the Company, its respective Board of Directors or its stockholders; (iii) each of the Transaction Documents will be duly executed and delivered by the Company; and (iv) the Transaction Documents when executed will constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies and, with respect to any rights to indemnity or contribution contained in the Registration Rights Agreement, as such rights may be limited by state or federal laws or public policy underlying such laws.

   c. Capitalization. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock. After giving effect to the Merger, the LLC Conversion and the Cancellation, but immediately before the initial Closing of the Offering, the Company will have 19,000,000 shares of Common Stock and no

preferred stock issued and outstanding. All of the outstanding shares of Common Stock and of the capital stock of each of the Company's subsidiaries have been duly authorized, validly issued and are fully paid and nonassessable. Immediately after giving effect to the Closing of the Minimum Offering, the pro forma outstanding capitalization of the Company will be as set forth under "*Pro Forma Capitalization*" in **Schedule 4c**. After giving effect to the Merger: (i) no shares of capital stock of the Company or any of its subsidiaries will be subject to preemptive rights or any other similar rights or any liens or encumbrances (other than as contemplated by Section 7(f) hereof) suffered or permitted by the Company; (ii) except as set forth on **Schedule 4c(ii)** there will be no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries; (iii) there will be no outstanding debt securities of the Company or any of its subsidiaries other than indebtedness as set forth in **Schedule 4c(iii)**; (iv) other than pursuant to the Registration Rights Agreement or as set forth in **Schedule 4c(iv)**, there will be no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of their securities under the Securities Act; (v) there will be no outstanding registration statements of the Company or any of its subsidiaries, and there will be no outstanding comment letters from the SEC or any other regulatory agency; (vi) except as provided in this Agreement or as set forth in **Schedule 4c(vi)**, there will be no securities or instruments of the Company or any of its subsidiaries containing anti-dilution or similar provisions, including the right to adjust the exercise, exchange or reset price under such securities, that will be triggered by the issuance of the Shares as described in this Agreement; and (vii) no co-sale right, right of first refusal or other similar right will exist with respect to the Shares or the issuance and sale thereof. Upon request, the Company will make available to the Purchaser true and correct copies of the Company's Certificate of Incorporation, as in effect as of the first Closing Date, and the Company's By-laws, as in effect as of the first Closing Date, and the terms of all securities exercisable for Common Stock and the material rights of the holders thereof in respect thereto other than stock options issued to officers, directors, employees and consultants.

d. Issuance of Shares. The Shares are duly authorized and, when issued and paid for in accordance with the terms hereof, shall be duly issued, fully paid and nonassessable, and are free and clear of all taxes, liens and charges with respect to the issue thereof. The shares of Common Stock underlying the Placement Agent Warrants (the "*Underlying Shares*") have been duly authorized and reserved for issuance, and upon exercise of the Placement Agent Warrants in accordance with their terms, including payment of the exercise price therefor, will be validly issued, fully paid and nonassessable, and are free and clear from all taxes, liens and charges with respect to the issue thereof.

e. No Conflicts. The execution, delivery and performance of each of the Transaction Documents by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) result in a violation of the Certificate of Incorporation or the By-laws (or equivalent constitutive document) of the Company or any of

its subsidiaries or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any subsidiary is a party, except for those which would not reasonably be expected to have a Material Adverse Effect, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or any subsidiary or by which any property or asset of the Company or any subsidiary is bound or affected, except for those which would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any subsidiary is in violation of any term of or in default under its Certificate of Incorporation or By-laws or any other constitutive documents. Except for those violations or defaults which would not reasonably be expected to have a Material Adverse Effect, neither the Company nor any subsidiary is in violation of any term of or in default under any material contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or any subsidiary. The business of the Company and its subsidiaries is not being conducted, and shall not be conducted in violation of any law, ordinance, or regulation of any governmental entity, except for any violation which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, neither the Company nor any of its subsidiaries is required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under or contemplated by this Agreement or the other Transaction Documents in accordance with the terms hereof or thereof. Except as set forth on **Schedule 4e**, neither the execution and delivery by the Company of the Transaction Documents, nor the consummation by the Company of the transactions contemplated hereby or thereby, will require any notice, consent or waiver under any contract or instrument to which the Company or any subsidiary is a party or by which the Company or any subsidiary is bound or to which any of their assets is subject, except for any notice, consent or waiver the absence of which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. All consents, authorizations, orders, filings and registrations which the Company or any of its subsidiaries is required to obtain pursuant to the preceding two sentences have been or will be obtained or effected on or prior to the Closing.

f. Absence of Litigation. Except as set forth on **Schedule 4f**, there is no action, suit, claim, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation before or by any court, public board, governmental or administrative agency, self-regulatory organization, arbitrator, regulatory authority, stock market, stock exchange or trading facility (an "*Action*") now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries or any of their respective officers or directors, which would be reasonably likely to (i) adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement or any of the other Transaction Documents, or (ii) have

a Material Adverse Effect. For the purpose of this Agreement, the knowledge of the Company means the knowledge of the officers of the Company (for the avoidance of doubt, after giving effect to the Merger) and Aerpio (both actual or knowledge that they would have had upon reasonable investigation).

g. Acknowledgment Regarding Purchaser's Purchase of the Shares. The Company acknowledges and agrees that each Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Shares.

h. No General Solicitation. Neither the Company, nor any of its Affiliates, nor, to the knowledge of the Company, any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Shares. "***Affiliate***" means, with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, as such terms are used in and construed under Rule 144 under the Securities Act ("***Rule 144***"). With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

i. No Integrated Offering. Neither the Company, nor any of its Affiliates, nor to the knowledge of the Company, any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the Shares under the Securities Act or cause this offering of the Shares to be integrated with prior offerings by the Company for purposes of the Securities Act.

j. Employee Relations. Neither Company nor any subsidiary is involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened. Neither Company nor any subsidiary is party to any collective bargaining agreement. The Company's and/or its subsidiaries' employees are not members of any union, and the Company believes that its and its subsidiaries' relationship with their respective employees is good.

k. Intellectual Property Rights. After giving effect to the Merger, except as set forth on **Schedule 4k**, the Company and each of its subsidiaries owns, possesses, or has rights to use, all Intellectual Property necessary for the conduct of the Company's and its subsidiaries' business as now conducted, except as such failure to own, possess or have such rights would not reasonably be expected to result in a Material Adverse Effect and there are no unreleased liens or security interests which have been filed, or which the Company has received notice of, against any of the patents owned to the Company. Furthermore, (A) to the Company's

knowledge, there is no infringement, misappropriation or violation by third parties of any such Intellectual Property, except as such infringement, misappropriation or violation would not result in a Material Adverse Effect; (B) there is no pending or, to the Company's knowledge, threatened, action, suit, proceeding or claim by others challenging the Company's or any of its subsidiaries' rights in or to any such Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (C) the Intellectual Property owned by the Company and its subsidiaries, and to the Company's knowledge, the Intellectual Property licensed to the Company and its subsidiaries, has not been adjudged invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property, and, to the Company's knowledge, there are no facts which would form a reasonable basis for any such claim; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property or other proprietary rights of others, neither the Company nor any of its subsidiaries has received any written notice of such claim, and, to the Company's knowledge, there are no other facts which would form a reasonable basis for any such claim, except in each case for any action, suit, proceeding or claim as would not be reasonably expected to have a Material Adverse Effect; and (E) to the Company's knowledge, no employee of the Company or any of its subsidiaries is in in violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or any of its subsidiaries or actions undertaken by the employee while employed with the Company or any of its subsidiaries, except as such violation would not reasonably be expected to have a Material Adverse Effect. Except as would not reasonably be expected to have a Material Adverse Effect, (1) the Company and its subsidiaries have disclosed to the U.S. Patent and Trademark Office (USPTO) all information known to the Company to be relevant to the patentability of its inventions in accordance with 37 C.F.R. Section 1.56, and (2) neither the Company nor any of its subsidiaries made any misrepresentation or concealed any information from the USPTO in any of the patents or patent applications owned or licensed to the Company, or in connection with the prosecution thereof, in violation of 37 C.F.R. Section 1.56. Except as would not reasonably be expected to have a Material Adverse Effect and to the Company's knowledge, (x) there are no facts that are reasonably likely to provide a basis for a finding that the Company or any of its subsidiaries does not have clear title to the patents or patent applications owned or licensed to the Company or other proprietary information rights as being owned by the Company or any of its subsidiaries, (y) no valid issued U.S. patent would be infringed by the activities of the Company or any of its subsidiaries relating to products currently or proposed to be manufactured, used or sold by the Company or any of its subsidiaries and (z) there are no facts with respect to any issued patent owned that would cause any claim of any such patent not to be valid and enforceable with applicable regulations. "*Intellectual Property*" shall mean all patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, domain names, technology and know-how.

l. Environmental Laws.

(i) The Company and each subsidiary has complied with all applicable Environmental Laws (as defined below), except for violations of Environmental Laws that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. There is no pending or, to the knowledge of the Company, threatened civil or criminal litigation, notice of violation, formal administrative proceeding, or investigation, inquiry or information request, relating to any Environmental Law involving the Company or any subsidiary, except for litigation, notices of violations, formal administrative proceedings or investigations, inquiries or information requests that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, "*Environmental Law*" means any national, state, provincial or local law, statute, rule or regulation or the common law relating to the environment or occupational health and safety, including without limitation any statute, regulation, administrative decision or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous materials or substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous materials or substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine life and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels, containers, abandoned or discarded barrels, and other closed receptacles; (vii) health and safety of employees and other persons; and (viii) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic or hazardous materials or substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

(ii) To the knowledge of the Company there is no material environmental liability with respect to any solid or hazardous waste transporter or treatment, storage or disposal facility that has been used by the Company or any subsidiary.

(iii) The Company and its subsidiaries (i) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses except to the extent that the failure to have such permits, licenses or other approvals would not have a Material Adverse Effect and (ii) are in compliance, in all material respects, with all terms and conditions of any such permits, licenses or approvals.

m. Authorizations; Regulatory Compliance. The Company and each of its subsidiaries holds, and is operating in compliance with, all authorizations, licenses, permits, approvals, clearances, registrations, exemptions, consents, certificates and orders of any governmental authority and supplements and amendments thereto (collectively, "Authorizations") required for the conduct of its business and all such Authorizations are valid and in full force and effect and neither the Company nor any of its subsidiaries is in material violation of any terms of any such Authorizations, except, in each case, such as would not reasonably be expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received written notice of any revocation or modification of any such Authorization, except to the extent that any such revocation or modification would not be reasonably expected to have a Material Adverse Effect. The Company and each of its subsidiaries is in compliance with all applicable federal, state, local and foreign laws, regulations, orders and decrees, including such laws and regulations applicable to import and export, except as would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any unresolved FDA Form 483, warning letter, untitled letter or other correspondence or notice from the U.S. Food and Drug Administration ("FDA"), or any other federal, state or local governmental or regulatory authority, alleging or asserting noncompliance with the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.). The Company and each of its subsidiaries, and to the Company's knowledge, each of their respective directors, officers, employees and agents, is and has been in material compliance with applicable health care laws, including, to the extent applicable, without limitation, the Federal Food, Drug and Cosmetic Act (21 U.S.C. § 301 et seq.), *the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b))*, the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (42 U.S.C. § 17921 et seq.), and the regulations promulgated pursuant to such laws, and comparable state laws (collectively, "Health Care Laws"). Neither the Company nor any of its subsidiaries has received written notice of any ongoing claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Authority or third party alleging that any product operation or activity is in material violation of any Health Care Laws or Authorizations. Neither the Company nor any of its subsidiaries has received written notice that any governmental authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations. The Company and each of its subsidiaries has filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments thereto as required by any Health Care Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete, correct and not misleading on the date filed (or were corrected or supplemented by a subsequent submission). Neither the Company nor any of its subsidiaries has, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any recall, safety alert, "dear doctor" letter, or other notice or action relating to any alleged product defect or violation and, to the Company's knowledge, no third party has initiated or conducted any such notice or action. Neither the Company nor any of its subsidiaries is a party to any corporate integrity agreement, deferred prosecution agreement, monitoring agreement, consent decree, settlement order, or similar agreements, or has any reporting obligations pursuant to any such agreement, plan or correction or other remedial measure entered into with any Governmental Authority.

n. Title. Neither the Company nor any of its subsidiaries owns any real property. Except as set forth on **Schedule 4n**, each of the Company and its subsidiaries has good and marketable title to all of its personal property and assets, free and clear of any restriction, mortgage, deed of trust, pledge, lien, security interest or other charge, claim or encumbrance which would have a Material Adverse Effect. Except as set forth on **Schedule 4n**, with respect to properties and assets it leases, each of the Company and its subsidiaries is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances which would have a Material Adverse Effect.

o. No Material Adverse Effects, etc. Neither Company nor any subsidiary is subject to any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has had, or is reasonably expected in the future to have, a Material Adverse Effect. Neither Company nor any subsidiary is in breach of any contract or agreement which breach, in the judgment of the Company's officers, has had, or is reasonably expected to have a Material Adverse Effect.

p. Tax Status. The Company and each subsidiary has made and filed (taking into account any valid extensions) all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (except in any case in which the failure to so file would not have a Material Adverse Effect) and (unless and only to the extent that the Company or such subsidiary has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) has paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply or as would not have a Material Adverse Effect. To the knowledge of the Company, there are no unpaid taxes in any material amount claimed to be due from the Company or any subsidiary by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

q. Certain Transactions. Except for arm's length transactions pursuant to which the Company or any subsidiary makes payments in the ordinary course of business upon terms no less favorable than it could obtain from third parties, none of the officers, directors, or employees of the Company or any subsidiary is presently a party to any transaction with the Company or any subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner. All transactions that would be required to be disclosed by the Company pursuant to Item 404 of Regulation S-K promulgated under the Securities Act are disclosed in the SEC Reports in accordance with Item 404 or in the Super 8-K.

r. Rights of First Refusal. Except as set forth on **Schedule 4c(i)** or **Schedule 4r**, the Company is not obligated to offer the securities offered hereunder on a right of first refusal basis or otherwise to any third parties including, but not limited to, current or former stockholders of the Company, underwriters, brokers, agents or other third parties.

s. Insurance. The Company and its subsidiaries have insurance policies of the type and in amounts customarily carried by organizations conducting businesses or owning assets similar to those of the Company and its subsidiaries. There is no material claim pending under any such policy as to which coverage has been questioned, denied or disputed by the underwriter of such policy.

t. SEC Reports. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), including pursuant to Section 15(d) thereof (or that it would have been required to file by Section 15(d) of the Exchange Act if its duty to file thereunder had not been automatically suspended) (collectively, together with the Super 8-K, the "*SEC Reports*") for the two (2) years preceding the date hereof (or such shorter period since the Company was first required by law or regulation to file such material). To the Company's knowledge, the draft Super 8-K furnished to each Purchaser prior to the Initial Closing will not materially deviate from the Super 8-K. The Super 8-K complies, and the other SEC Reports at the time they were filed complied, in all material respects with the Securities Act or the Exchange Act, as applicable, and the applicable rules and regulations of the SEC thereunder. There are no contracts, agreements or other documents that are required to be described in the SEC Reports and/or to be filed as exhibits thereto that are not described, in all material respects, and/or filed as required. There has not been any material change or amendment to, or any waiver of any material right under, any such contract or agreement that has not been described in and/or filed as an exhibit to the SEC Reports.

u. Financial Statements. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries taken as a whole as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments. The pro forma financial information and the related notes, if any, included in the SEC Reports have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the regulations promulgated thereunder and fairly present in all material respects the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

v. Material Changes. Since the respective date of the latest balance sheet of the Company and the latest balance sheet of Aerpio included in the financial statements contained within the SEC Reports, except as specifically disclosed in the SEC Reports, (i) there have been no events, occurrences or developments that have had or would reasonably be expected to have a Material Adverse Effect with respect to the Company or Aerpio, (ii) there have not been any changes in the authorized capital, assets, financial condition, business or operations of the Company or Aerpio from that reflected in the financial statements contained within the SEC Reports except changes in the ordinary course of business which have not been, either individually or in the aggregate, materially adverse to the business, properties, financial condition or results of operations of the Company or Aerpio, (iii) neither the Company or any subsidiary nor Aerpio has incurred any material liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the financial statements of the Company or of Aerpio, as applicable, pursuant to GAAP or to be disclosed in the SEC Reports, (iv) neither the Company or any subsidiary nor Aerpio has materially altered its method of accounting or the manner in which it keeps its accounting books and records, and (v) neither the Company or any subsidiary nor Aerpio has declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock (other than in connection with repurchases of unvested stock issued to employees of the Company).

w. Disclosure Controls. Except as disclosed in the Super 8-K under the “Risk Factors” section therein, the Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Exchange Act) and such controls and procedures are effective in ensuring that material information relating to the Company, including its subsidiaries, is made known to the principal executive officer and the principal financial officer.

x. Sarbanes-Oxley. Except as disclosed in the SEC Reports, including the Super 8-K under the “Risk Factors section therein, the Company is in compliance in all material respects with all of the provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it.

y. Off-Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any subsidiary and an unconsolidated or other off-balance sheet entity that is required to be disclosed by the Company in its SEC Reports (including, for purposes hereof, any that are required to be disclosed in a Form 10) and is not so disclosed or that otherwise would have a Material Adverse Effect.

z. Foreign Corrupt Practices. Neither the Company and its subsidiaries, nor to the Company’s knowledge, any agent or other person acting on behalf of the Company or its subsidiaries, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any

unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

aa. Brokers' Fees. Neither of the Company nor any of its subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement, except for the payment of fees to the Placement Agents as described in Section 3 above.

bb. Disclosure Materials. The SEC Reports and the Disclosure Materials taken as a whole do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein (in the case of SEC Reports) or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

cc. Investment Company. The Company is not required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

dd. Reliance. The Company acknowledges that the Purchaser is relying on the representations and warranties made by the Company hereunder and that such representations and warranties are a material inducement to the Purchaser purchasing the Shares. The Company further acknowledges that without such representations and warranties of the Company made hereunder, the Purchaser would not enter into this Agreement.

ee. Use of Proceeds. The Company presently intends to use the net proceeds from the Offering primarily for research and development of its "AKB-9778" product candidate and for general and working capital purposes.

5. **Representations, Warranties and Agreements of the Purchaser.** The Purchaser, severally and not jointly with any other Purchaser, represents and warrants to, and agrees with, the Company the following:

a. The Purchaser has the knowledge and experience in financial and business matters necessary to evaluate the merits and risks of its prospective investment in the Company, and has carefully reviewed and understands the risks of, and other considerations relating to, the purchase of Shares and the tax consequences of the investment, and has the ability to bear the economic risks of the investment. The Purchaser can afford the loss of its entire investment.

b. The Purchaser is acquiring the Shares for investment for its own account and not with the view to, or for resale in connection with, any distribution thereof. The Purchaser understands and acknowledges that the Offering and sale of the Shares have not been registered under the Securities Act or any state securities laws, by reason of a specific exemption from the registration provisions of the Securities Act and applicable state securities laws, which depends upon, among other things, the bona fide nature of the investment intent as expressed

herein. The Purchaser further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to any third person with respect to any of the Shares. The Purchaser understands and acknowledges that the Offering of the Shares will not be registered under the Securities Act nor under the state securities laws on the ground that the sale of the Shares to the Purchaser as provided for in this Agreement and the issuance of securities hereunder is exempt from the registration requirements of the Securities Act and any applicable state securities laws. The Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D as promulgated by the SEC under the Securities Act, for the reason(s) specified on the **Accredited Investor Certification** attached hereto as completed by Purchaser, and Purchaser shall submit to the Company such further assurances of such status as may be reasonably requested by the Company. The Purchaser resides in the jurisdiction set forth on the Purchaser's Omnibus Signature Page affixed hereto. The Purchaser has not taken any of the actions set forth in, and is not subject to, the disqualification provisions of Rule 506(d)(1) of the Securities Act.

c. The Purchaser (i) if a natural person, represents that he or she is the greater of (A) 21 years of age or (B) the age of legal majority in his or her jurisdiction of residence, and has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, limited liability company, association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Shares, such entity is duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the Shares, the execution and delivery of this Agreement has been duly authorized by all necessary action, this Agreement has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Agreement in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Agreement and make an investment in the Company, and represents that this Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Agreement will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound.

d. The Purchaser understands that the Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements,

acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire such securities. The Purchaser further acknowledges and understands that the Company is relying on the representations and warranties made by the Purchaser hereunder and that such representations and warranties are a material inducement to the Company to sell the Shares to the Purchaser. The Purchaser further acknowledges that without such representations and warranties of the Purchaser made hereunder, the Company would not enter into this Agreement with the Purchaser.

e. The Purchaser understands that no public market exists for the Company's Common Stock and that there can be no assurance that any public market for the Common Stock will exist or continue to exist. The Company's Common Stock is not approved for quotation on OTC Markets or any other quotation system or listed on any exchange. The Company intends to cause the Common Stock to be quoted on OTC Markets QB tier as soon as practicable following the final Closing of the Offering; however, the Company makes no representation, warranty or covenant with respect to the initiation of or continued quotation of the Common Stock on the OTC Markets quotation or listing on any other market or exchange.

f. The Purchaser has received, reviewed and understood the information about the Company, including all Disclosure Materials, and has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management. The Purchaser understands that such discussions, as well as any Disclosure Materials provided by the Company, were intended to describe the aspects of the Company's business and prospects and the Offering which the Company believes to be material, but were not necessarily a thorough or exhaustive description, and except as expressly set forth in this Agreement, the Company makes no representation or warranty with respect to the completeness of such information and makes no representation or warranty of any kind with respect to any information provided by any entity other than the Company. Some of such information may include projections as to the future performance of the Company, which projections may not be realized, may be based on assumptions which may not be correct and may be subject to numerous factors beyond the Company's control. Additionally, the Purchaser understands and represents that it is purchasing the Shares notwithstanding the fact that the Company may disclose in the future certain material information the Purchaser has not received, including (without limitation) financial statements of the Company and/or Aerpio for the current or prior fiscal periods, and any subsequent period financial statements that will be filed with the SEC, that it is not relying on any such information in connection with its purchase of the Shares and that it waives any right of action with respect to the nondisclosure to it prior to its purchase of the Shares of any such information. Each Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Shares.

g. The Purchaser acknowledges that none of the Company or the Placement Agents is acting as a financial advisor or fiduciary of the Purchaser (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and no investment advice has been given by the Company, the Placement Agents or any of their

respective representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby. The Purchaser further represents to the Company that the Purchaser's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Purchaser and its representatives.

h. As of the Closing, all actions on the part of Purchaser, and its officers, directors and partners, if applicable, necessary for the authorization, execution and delivery of this Agreement and the Registration Rights Agreement and the performance of all obligations of the Purchaser hereunder and thereunder shall have been taken, and this Agreement and the Registration Rights Agreement, assuming due execution by the parties hereto and thereto, constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their respective terms, subject to: (i) judicial principles limiting the availability of specific performance, injunctive relief, and other equitable remedies and (ii) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect generally relating to or affecting creditors' rights.

i. Purchaser represents that neither it nor, to its knowledge, any person or entity controlling, controlled by or under common control with it, nor any person having a beneficial interest in it, nor any person on whose behalf the Purchaser is acting: (i) is a person listed in the Annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism); (ii) is named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Assets Control; (iii) is a non-U.S. shell bank or is providing banking services indirectly to a non-U.S. shell bank; (iv) is a senior non-U.S. political figure or an immediate family member or close associate of such figure; or (v) is otherwise prohibited from investing in the Company pursuant to applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules or orders (categories (i) through (v), each a "*Prohibited Purchaser*"). The Purchaser agrees to provide the Company, promptly upon request, all information that the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules and orders. The Purchaser consents to the disclosure to U.S. regulators and law enforcement authorities by the Company and its Affiliates and agents of such information about the Purchaser as the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, anti-terrorist and asset control laws, regulations, rules and orders. If the Purchaser is a financial institution that is subject to the USA Patriot Act, the Purchaser represents that it has met all of its obligations under the USA Patriot Act. The Purchaser acknowledges that if, following its investment in the Company, the Company reasonably believes that the Purchaser is a Prohibited Purchaser or is otherwise engaged in suspicious activity or refuses to promptly provide information that the Company requests, the Company has the right or may be obligated to prohibit additional investments, segregate the assets constituting the investment in accordance with applicable regulations or immediately require the Purchaser to transfer the Shares. The Purchaser further acknowledges that the Purchaser will have no claim against the Company or any of its Affiliates or agents for any form of damages as a result of any of the foregoing actions.

If the Purchaser is Affiliated with a non-U.S. banking institution (a "***Foreign Bank***"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated Affiliate.

j. The Purchaser or its duly authorized representative realizes that because of the inherently speculative nature of businesses of the kind conducted and contemplated by the Company, the Company's financial results may be expected to fluctuate from month to month and from period to period and will, generally, involve a high degree of financial and market risk that could result in substantial or, at times, even total losses for investors in securities of the Company. The Purchaser has carefully read the risk factors and other information (including the financial statements of Aerpio) included in the Super 8-K. The Purchaser has carefully considered such risk factors before deciding to invest in the Shares.

k. The Purchaser has adequate means of providing for its current and anticipated financial needs and contingencies, is able to bear the economic risk for an indefinite period of time and has no need for liquidity of the investment in the Shares and could afford complete loss of such investment.

l. The Purchaser is not subscribing for Shares as a result of or subsequent to any advertisement, article, notice or other communication, published in any newspaper, magazine or similar media or broadcast over television, radio, or the internet, or presented at any seminar or meeting, or any solicitation of a subscription by a person not previously known to the Purchaser in connection with investments in securities generally.

m. The Purchaser acknowledges that no U.S. federal or state agency or any other government or governmental agency has passed upon the Shares or made any finding or determination as to the fairness, suitability or wisdom of any investments therein.

n. Other than consummating the transactions contemplated hereunder, the Purchaser has not directly or indirectly, nor has any individual or entity acting on behalf of or pursuant to any understanding with such Purchaser, executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received a term sheet (written or oral) from the Company or any other individual or entity representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the

representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Shares covered by this Agreement. Other than to other individuals or entities party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future. For purposes of this Agreement, "*Short Sales*" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

o. The Purchaser agrees to be bound by all of the terms and conditions of the Registration Rights Agreement and to perform all obligations thereby imposed upon it.

p. The Purchaser is aware that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of the Shares and other activities with respect to the Shares by the Purchaser.

q. All of the information concerning the Purchaser set forth herein, and any other information furnished by the Purchaser in writing to the Company or a Placement Agent for use in connection with the transactions contemplated by this Agreement, is true, correct and complete in all material respects as of the date of this Agreement, and, if there should be any material change in such information prior to the admission of the undersigned to the Company, the Purchaser will promptly furnish revised or corrected information to the Company.

r. **(For ERISA plans only)** The fiduciary of the Employee Retirement Income Security Act of 1974 ("*ERISA*") plan (the "*Plan*") represents that such fiduciary has been informed of and understands the Company's investment objectives, policies and strategies, and that the decision to invest "plan assets" (as such term is defined in ERISA) in the Company is consistent with the provisions of ERISA that require diversification of plan assets and impose other fiduciary responsibilities. The Purchaser fiduciary or Plan (a) is responsible for the decision to invest in the Company; (b) is independent of the Company or any of its Affiliates; (c) is qualified to make such investment decision; and (d) in making such decision, the Purchaser fiduciary or Plan has not relied primarily on any advice or recommendation of the Company or any of its Affiliates.

6. **Transfer Restrictions**. The Purchaser acknowledges and agrees as follows:

a. The Shares have not been registered for sale under the Securities Act, in reliance on the private offering exemption in Section 4(a)(2) thereof; other than as expressly provided in the Registration Rights Agreement, the Company does not currently intend to register the Shares under the Securities Act at any time in the future; and the undersigned will not immediately be entitled to the benefits of Rule 144 with respect to the Shares.

b. The Purchaser understands that there are substantial restrictions on the transferability of the Shares and that the certificates representing the Shares shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such certificates or other instruments):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS OR (3) SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT.

In addition, if any Purchaser is an Affiliate of the Company, certificates evidencing the Shares issued to such Purchaser may bear a customary "Affiliates" legend.

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of the Shares upon which it is stamped, if (a) such Shares are sold pursuant to a registration statement under the Securities Act, or (b) such holder delivers to the Company an opinion of counsel, reasonably acceptable to the Company, that a disposition of the Shares is being made pursuant to an exemption from such registration and that the Shares, after such transfer, shall no longer be "restricted securities" within the meaning of Rule 144.

c. Subject to the Company's right to request an opinion of counsel as set forth in Section **6b**, the legend set forth in Section **6b** above shall be removable and the Company shall issue or cause to be issued a certificate without such legend or any other legend to the holder of the applicable Shares upon which it is stamped or issue or cause to be issued to such holder by electronic delivery at the applicable balance account at The Depository Trust Company ("*DTC*") as provided in this Section **6c**, if (i) such Shares and Underlying Shares are registered for resale under the Securities Act (provided that, if the Purchaser is selling pursuant to an effective registration statement registering the Shares for resale, the Purchaser agrees to only sell such Shares during such time that such registration statement is effective and not withdrawn or suspended, and only as permitted by such registration statement), or (ii) such Shares and Underlying Shares are sold or transferred in compliance with Rule 144, including without limitation in compliance with the current public information requirements and volume and manner-of-sale restrictions of Rule 144, if applicable at the time of such sale or transfer, and the holder and its broker have delivered customary documents reasonably

requested by the Company's transfer agent and/or Company counsel in connection with such sale or transfer. All costs and expenses related to the removal of the legends and the reissuance of any Shares and Underlying Shares, including but not limited to costs and expenses with respect to the transfer agent, Company counsel or otherwise, shall be borne by the Company. Following the date on which the Registration Statement (as defined in the Registration Rights Agreement) is first declared effective by the SEC, or at such other time as a legend is no longer required for certain Shares, the Company will no later than three (3) Trading Days (as defined below) following the delivery by a Purchaser to the Company or the transfer agent (with concurrent notice and delivery of copies to the Company) of a legended certificate representing such Shares and Underlying Shares (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, and together with such other customary documents as the transfer agent and/or Company counsel shall reasonably request), deliver or cause to be delivered to the transferee of such Purchaser or such Purchaser, as applicable, a book entry position or a certificate representing such Shares and Underlying Shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the transfer agent that enlarge the restrictions on transfer set forth in this Section 6. Certificates for Shares and Underlying Shares subject to legend removal hereunder shall be transmitted by the transfer agent to the Purchaser by crediting the account of the Purchaser's prime broker with DTC. "*Trading Day*" means (i) a day on which the Common Stock is listed or quoted and traded on its principal trading market (unless the principal trading market is the OTC Bulletin Board or the OTC Pink tier of the OTC Markets Group, Inc.), or (ii) if the Common Stock is not listed on a trading market (other than the OTC Bulletin Board or the OTC QB, OTC QX or OTC Pink tier of the OTC Markets Group, Inc.), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the Common Stock is not quoted on any trading market (other than the OTC QB, OTC QX or OTC Pink tier of the OTC Markets Group, Inc.), a day on which the Common Stock is quoted in the over-the-counter market as reported by the OTC QB, OTC QX or OTC Pink tier of the OTC Markets Group, Inc. (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

d. If the Company shall fail for any reason or for no reason to issue to a Purchaser a certificate not bearing the legend set forth in Section **6b** within three (3) Trading Days after receipt by the Company and the Transfer Agent of all documents necessary for the removal of the legend as set forth in Section **6c** at a time at which such removal is not prohibited under applicable law (the "*Deadline Date*") (such certificate, the "*Unlegended Certificate*"), then, in addition to all other remedies available to such Purchaser, if on or after the Trading Day immediately following such three (3) Trading Day period, such Purchaser purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Purchaser of the shares of Common Stock to be represented by the Unlegended Certificate that such Purchaser anticipated receiving from the Company without any restrictive legend as a result of such Purchaser's full compliance with Section **6c** (a "*Buy-In*"), then the Company

\shall, within three (3) Trading Days after receipt of a written request from the Purchaser to take the actions described in either clause (i) or (ii) below (which shall be in the Purchaser's sole discretion and identified in such written request), either (i) pay cash to the Purchaser in an amount equal to such Purchaser's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "*Buy-In Price*"), at which point the Company's obligation to deliver such Unlegended Certificate representing such number of shares of Common Stock so purchased (and to issue such shares of Common Stock) shall terminate, or (ii) in the event that the Common Stock is at such time listed or quoted and traded on a trading market, promptly honor its obligation to deliver to such Purchaser a certificate or certificates representing such shares of Common Stock and pay cash to the Purchaser in an amount equal to the excess (if any) of the Buy-In Price over the product of (a) such number of shares of Common Stock, times (b) the closing price of the Common Stock on the Deadline Date as reported by the principal trading market on which the Common Stock is primarily listed or quoted for trading. The Purchaser of shares of Common Stock shall provide the Company written notice indicating the amounts payable to such Purchaser in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Company.

e. **Each Purchaser understands that the Company prior to the Merger was a "shell company" as defined in Rule 12b-2 under the Exchange Act, and that upon filing with the SEC of the Super 8-K reporting the consummation of the Merger and related transactions and the transactions contemplated by this Agreement, and otherwise containing "Form 10 information" discussed below, the Company will reflect therein that it is no longer a shell company. Pursuant to Rule 144(i), securities issued by a current or former shell company (that is, the Shares) that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after the Company (a) is no longer a shell company; and (b) has filed current "Form 10 information" (as defined in Rule 144(i)) with the SEC reflecting that it is no longer a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and has filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports. As a result, the restrictive legends on certificates for the Shares cannot be removed except in connection with an actual sale meeting the foregoing requirements or pursuant to an effective registration statement.** Notwithstanding the foregoing, the Company shall file a Form 8-A with the SEC within one year of the final Closing if the Company is not otherwise a mandatory reporting entity pursuant to Section 15(d) of the Exchange Act.

7. **Conditions to Company's Obligations at Closing.** The Company's obligation to complete the sale and issuance of the Shares and deliver the Shares to each Purchaser, individually, at each Closing shall be subject to the following conditions to the extent not waived by the Company:

a. Receipt of Payment. The Company shall have received payment, by certified or other bank check or by wire transfer of immediately available funds, in the full amount of the purchase price for the number of Shares being purchased by such Purchaser at such Closing.

b. Representations and Warranties. The representations and warranties made by the Purchaser in Section 5 hereof shall be true and correct in all material respects when made, and shall be true and correct in all material respects on such Closing Date with the same force and effect as if they had been made on and as of said date (except in each case to the extent any such representation and warranty is qualified by materiality, in which case, such representation and warranty shall be true and correct in all respects as so qualified). The Purchaser shall have performed in all material respects all obligations and covenants herein required to be performed by it on or prior to such Closing Date.

c. Receipt of Executed Documents. Such Purchaser shall have executed and delivered to the Company the Omnibus Signature Page, the Purchaser Questionnaire and the Selling Stockholder Questionnaire.

d. Effectiveness of the Merger, LLC Conversion and Cancellation. The Merger, LLC Conversion and Cancellation shall have been effected.

e. Minimum Offering. The Initial Closing shall be at least for the number of shares of Common Stock in the Minimum Offering at the Purchase Price (including the Minimum Insider Investment).

f. Lock-Up Agreements. At the first Closing of the Offering, (a) all officers and directors of the Company, (b) key employees agreed to by the Company and Aerpio, if any, (c) all persons holding Common Stock issued in exchange for the equity securities of Aerpio in the Merger; and (d) certain stockholders of the Company prior to the Merger (each a "*Restricted Holder*" and, collectively, the "*Restricted Holders*") shall have entered into agreements with the Company for a term of nine months (the "*Restricted Period*"), whereby they will agree to certain restrictions on the sale or disposition (including pledge) of all (or in the case of the stockholders referred to in (d) above, 80%) of the Company's Common Stock held by (or issuable to) them, excluding any shares purchased by them in the Offering. The lock-ups will contain customary transfer exceptions.

g. No Short Selling. In addition, each Restricted Holder and any stockholders with record or beneficial ownership of 1% or more of the Common Stock of the Company, after giving effect to the Merger and the Offering, shall have entered into agreements with the Company whereby they will agree that they will not, for a period of 12 months following the first Closing Date, directly or indirectly, effect or agree to effect any short sale (as defined in Rule 200 under Regulation SHO of the Exchange Act), whether or not against the box, establish any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) with respect to the Common Stock, borrow or pre-borrow any shares of Common Stock, or grant any other right (including, without limitation, any put or call option) with respect to the Common Stock or with respect to any security that includes, relates to or derives any significant part of its value from the Common Stock or otherwise seek to hedge its position in the Common Stock.

8. **Conditions to Purchasers' Obligations at Closing.** Each Purchaser's obligation to accept delivery of the Shares and to pay for the Shares shall be subject to the following conditions to the extent not waived by the Placement Agents on behalf of the Purchasers:

a. Representations and Warranties Correct. The representations and warranties made by the Company in Section 4 hereof shall be true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects as so qualified) as of, and as if made on, the date of this Agreement and as of such Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and in all material respects correct as of such earlier date (except in each case to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects as so qualified). The Company shall have performed in all material respects all obligations and covenants herein required to be performed by it on or prior to such Closing Date.

b. Receipt of Executed Transaction Documents. The Company shall have executed and delivered to the Placement Agents the Registration Rights Agreement and the Escrow Agreement.

c. Effectiveness of the Merger. The Merger, LLC Conversion and Cancellation shall have been effected.

d. Minimum Offering. The Initial Closing shall be at least for the number of shares of Common Stock in the Minimum Offering at the Purchase Price and shall include the Minimum Insider Investment.

e. Legal Opinion. Goodwin Procter LLP, counsel to the Company, shall deliver to the Placement Agents an opinion addressed to the Purchasers and the Placement Agents, dated as of such Closing Date, in form and substance reasonably acceptable to the Placement Agents.

f. Certificate. The Chief Executive Officer of the Company shall execute and deliver to the Placement Agents a certificate addressed to the Purchasers to the effect that the representations and warranties of the Company in Section 4 hereof are true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects as so qualified) as of, and as if made on, the date of this Agreement and as of such Closing Date and that the Company has satisfied in all material respects all of the conditions set forth in this Section 8.

g. Good Standing. The Company and each of its subsidiaries is a corporation or other business entity duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation.

h. Judgments. No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby.

i. Lock-Up and No Short Selling Agreements. Each of the agreements required by Sections 7f and 7g hereto shall have been executed by the persons referred to therein and delivered to the Company.

j. Delivery of Draft of Super 8-K. A substantially complete draft of the Super 8-K, including audited and interim unaudited financial statements of Aerpio and pro forma financial statements reflecting the Merger, all compliant with applicable SEC regulations for inclusion under Item 2.01(f) and/or 5.01(a)(8) of SEC Form 8-K, shall have been delivered to the Placement Agents on behalf of the Purchasers.

9. **Indemnification.**

a. The Company agrees to indemnify and hold harmless the Purchaser, and its directors, officers, shareholders, members, partners, employees and agents (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title), each person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title) of such controlling person, from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of the Company's actual or alleged false acknowledgment, representation or warranty, or misrepresentation or omission to state a material fact, or breach by the Company of any covenant or agreement made by the Company, contained herein or in any other Disclosure Materials; provided, however, that the Company will not be liable in any such case to the extent and only to the extent that any such loss, liability, claim, damage, cost, fee or expense arises out of or is based upon the inaccuracy of any representations made by such indemnified party in this Agreement, or the failure of such indemnified party to comply with the covenants and agreements contained herein. The liability of the Company under this paragraph shall not exceed the total Purchase Price paid by the Purchaser hereunder, except in the case of fraud.

b. Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any Action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in

writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 9. In case any such Action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any such Action include both the indemnified party and the indemnifying party and either (i) the indemnifying party or parties and the indemnified party or parties mutually agree or (ii) representation of both the indemnifying party or parties and the indemnified party or parties by the same counsel is inappropriate under applicable standards of professional conduct due to actual or potential differing interests between them, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such Action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such Action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any reasonable legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed counsel in connection with the assumption of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel in such circumstance), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the Action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened Action in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such Action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such Action, or (ii) be liable for any settlement of any such Action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment of the plaintiff in any such Action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

10. **Revocability; Binding Effect.** The subscription hereunder may be revoked prior to the Closing thereon, provided that written notice of revocation is sent and is received by the Company or a Placement Agent at least one Business Day prior to the Closing on such subscription. The Purchaser hereby acknowledges and agrees that this Agreement shall survive the death or disability of the Purchaser and shall be binding upon and inure to the benefit of the parties and

their heirs, executors, administrators, successors, legal representatives and permitted assigns. If the Purchaser is more than one person, the obligations of the Purchaser hereunder shall be joint and several and the agreements, representations, warranties and acknowledgments herein shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, legal representatives and permitted assigns.

11. **Modification.** This Agreement shall not be amended, modified or waived except by an instrument in writing signed by the Company and the holders of at least a majority of the then Held Shares (as defined below), provided that Section 22 of this Agreement shall not be amended or modified except by an instrument in writing signed by the Company and the Anti-Dilution Requisite Party (as defined below). Any amendment, modification or waiver effected in accordance with this Section 11 shall be binding upon the Purchaser and each transferee of the Shares, each future holder of all such Shares, and the Company.

12. **Immaterial Modifications to the Registration Rights Agreement.** The Company and the Placement Agents may, at any time prior to the initial Closing, amend the Registration Rights Agreement if necessary to clarify any provision therein, without first providing notice or obtaining prior consent of the Purchaser.

13. **Third-Party Beneficiary.** The Placement Agents shall be express third party beneficiaries of the representations and warranties included in this Agreement. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 9 and this Section.

14. **Notices.** Any notice, consents, waivers or other communication required or permitted to be given hereunder shall be in writing and will be deemed to have been delivered: (i) upon receipt, when personally delivered; (ii) upon receipt when sent by certified mail, return receipt requested, postage prepaid; (iii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party; (iv) when sent, if by e-mail, (provided that such sent e-mail is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's e-mail server that such e-mail could not be delivered to such recipient); or (v) one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and email addresses for such communications shall be:

(a) if to the Company, at

Aerpio Pharmaceuticals, Inc.
9987 Carver Road, Suite 420
Cincinnati, OH 45242
Attention: Joseph Gardner, CEO
Facsimile: 513-985-0999
Email: jgardner@aerpio.com

with copies (which shall not constitute notice) to:

CKR Law LLP
1330 Avenue of the Americas
New York, NY 10019
Attention: Barrett S. DiPaolo
Facsimile: 1-212-259-8200
E-mail: bdipaolo@ckrlaw.com

and

Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210
Attention: Kingsley Taft and Danielle Lauzon
Facsimile: 617-523-1231
Email: ktaft@goodwinlaw.com and dlauzon@goodwinlaw.com

or

(b) if to the Purchaser, at the address set forth on the Omnibus Signature Page hereof

(or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

15. **Assignability.** This Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the Purchaser, and the transfer or assignment of the Shares shall be made only in accordance with all applicable laws.

16. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles thereof relating to the conflict of laws.

17. **Arbitration.** The parties agree to submit all controversies to arbitration in accordance with the provisions set forth below and understand that:

a. Arbitration shall be final and binding on the parties.

b. The parties are waiving their right to seek remedies in court, including the right to a jury trial.

c. Pre-arbitration discovery is generally more limited and different from court proceedings.

d. The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by arbitrators is strictly limited.

e. The panel of arbitrators will typically include a minority of arbitrators who were or are Affiliated with the securities industry.

f. All controversies which may arise between the parties concerning this Agreement shall be determined by arbitration pursuant to the rules then pertaining to the Financial Industry Regulatory Authority in New York, New York. Judgment on any award of any such arbitration may be entered in the Supreme Court of the State of New York or in any other court having jurisdiction of the person or persons against whom such award is rendered. Any notice of such arbitration or for the confirmation of any award in any arbitration shall be sufficient if given in accordance with the provisions of this Agreement. The parties agree that the determination of the arbitrators shall be binding and conclusive upon them. The prevailing party, as determined by such arbitrators, in a legal proceeding shall be entitled to collect any costs, disbursements and reasonable attorney's fees from the other party. Prior to filing an arbitration, the parties hereby agree that they will attempt to resolve their differences first by submitting the matter for resolution to a mediator, acceptable to all parties, and whose expenses will be borne equally by all parties. The mediation will be held in the County of New York, State of New York, on an expedited basis. If the parties cannot successfully resolve their differences through mediation within sixty (60) days from the receipt of the written notice of a matter from the notifying party, the matter will be resolved by arbitration. The arbitration shall take place in the County of New York, State of New York, on an expedited basis.

18. **Form D; Blue Sky Qualification**. The Company agrees to timely file a Form D with respect to the Securities and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchaser at such Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

19. **Use of Pronouns.** All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

20. **Securities Law Disclosure; Publicity.** By 9:00 a.m., New York City time, on the trading day immediately following the execution of the first Closing, the Company shall issue a press release (the "*Press Release*") disclosing all material terms of the Offering. Within the time required by the Exchange Act, the Company will file the Super 8-K (and including as exhibits to such Super 8-K, the material Transaction Documents (including, without limitation, this Agreement and the Registration Rights Agreement)). Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser or an Affiliate of any Purchaser, or include the name of any Purchaser or an Affiliate of any Purchaser in any press release or filing with the SEC (other than the Registration Statement) or any regulatory agency or principal trading market, without the prior written consent of such Purchaser, except (i) as required by federal securities law in connection with (A) any registration statement contemplated by the Registration Rights Agreement and (B) the filing of final Transaction Documents with the SEC or (ii) to the extent such disclosure is required by law, request of the staff of the SEC or of any regulatory agency or principal trading market regulations, in which case the Company shall provide the Purchasers with prior written notice of such disclosure permitted under this sub-clause (ii). From and after

the issuance of the Press Release, no Purchaser shall be in possession of any material, non-public information received from the Company or any of its respective officers, directors, employees or agents, that is not disclosed in the Press Release unless a Purchaser shall have executed a written agreement regarding the confidentiality and use of such information. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company as described in this Section 20, such Purchaser will maintain the confidentiality of all disclosures made to it in connection with such transactions (including the existence and terms of such transactions).

21. **Non-Public Information.** Except for information (including the terms of this Agreement and the transactions contemplated hereby) that will be disclosed in the Super 8-K and filed with the SEC within four (4) Business Days of the first Closing, the Company shall not and shall cause each of its officers, directors, employees and agents, not to, provide any Purchaser with any material, non-public information regarding the Company without the express written consent of such Purchaser.

22. **Anti-Dilution.** The Purchaser (but not any transferees of the Shares) shall have anti-dilution protection such that if within six (6) months after the initial Closing of the Offering the Company shall issue Additional Shares of Common Stock (as defined below) for a consideration per share, or with an exercise or conversion price per share, less than the Purchase Price (adjusted proportionately for any event described in clause (iii) of the following paragraph) occurring after the first Closing of the Offering) (the "*Lower Price*"), the Purchaser shall be entitled to receive from the Company (for no additional consideration) additional Shares with respect to the Shares purchased by such Purchaser in the Offering and still held of record and beneficially owned by such Purchaser at the time of the dilutive issuance (such shares, together with the shares issued to the other purchasers pursuant to the other subscription agreements of like tenor used in the Offering, the "*Held Shares*") in an amount such that, when added to the Held Shares held by the Purchaser, will equal the number of shares of Common Stock that such Purchaser's aggregate Purchase Price for such Held Shares would have purchased at the Lower Price. Either (i) holders of a majority of the then Held Shares or (ii) a representative of the holders of the then Held Shares, which representative shall be appointed by the three (3) Purchasers who then hold the largest number of Held Shares, shall have the authority to waive these anti-dilution rights with respect to a particular issuance of securities for Purchaser and all other purchasers party to the other subscription agreements of like tenor used in the Offering (such persons described in either clause (i) or (ii) of this sentence, the "Anti-Dilution Requisite Party").

"*Additional Shares of Common Stock*" shall mean all shares of Common Stock issued by the Company after the first Closing of the Offering (including without limitation any shares of Common Stock issuable upon conversion or exchange of any convertible securities or upon exercise of any option, warrant or other right, on an as-converted or as-exercised basis, as of the date of issuance of such security, option, warrant or right), other than: (i) shares of Common Stock issued or issuable upon conversion or exchange of any convertible securities or exercise of any options or warrants outstanding as of immediately following the Merger and the initial Closing (including the Placement Agent Warrants); (ii) securities issued or issuable to strategic investors in connection with an acquisition, collaboration, joint venture, technology license

agreement or other strategic transaction; (iii) shares of Common Stock issued or issuable by reason of a stock dividend, stock split, split-up or other distribution on shares of Common Stock relating to any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction effected in such a way that there is no change of control; (iv) securities of the Company issued or issuable pursuant to the acquisition of another entity or business by the Company by merger, purchase of substantially all of the assets or other reorganization, but not including a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities; (v) issuances of awards to officers, directors and employees of, or consultants to, the Company pursuant to stock grants, option plans, purchase plans or other employee stock incentive programs or arrangements approved by the Board of Directors, or upon exercise of options or warrants granted to such parties pursuant to any such plan or arrangement; and (vi) securities issued to financial institutions, institutional investors or lessors in connection with credit arrangements, equipment financings, lease arrangements or similar transactions, in the aggregate not exceeding ten percent (10%) of the number of shares of Common Stock outstanding at the time of such issuance.

23. **Miscellaneous.**

a. This Agreement, together with the Registration Rights Agreement and any confidentiality agreement between the Purchaser and the Company, constitute the entire agreement between the Purchaser and the Company with respect to the Offering and supersede all prior oral or written agreements and understandings, if any, relating to the subject matter hereof. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions.

b. If the Shares are certificated and any certificate or instrument evidencing any Shares or Placement Agent Warrants is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company and the Company's transfer agent of such loss, theft or destruction and the execution by the holder thereof of a customary lost certificate affidavit of that fact and an agreement to indemnify and hold harmless the Company and the Company's transfer agent for any losses in connection therewith or, if required by the transfer agent, a bond in such form and amount as is required by the transfer agent. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Shares or Placement Agent Warrants. If a replacement certificate or instrument evidencing any Shares or Placement Agent Warrants is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

c. Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby, whether or not the transactions contemplated hereby are consummated.

d. This Agreement may be executed in one or more original or facsimile or by an e-mail which contains a portable document format (.pdf) file of an executed signature page counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument and which shall be enforceable against the parties actually executing such counterparts. The exchange of copies of this Agreement and of signature pages by facsimile transmission or in .pdf format shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or by e-mail of a document in pdf format shall be deemed to be their original signatures for all purposes.

e. Each provision of this Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalidity or illegality shall not impair the operation of or affect the remaining portions of this Agreement.

f. Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

g. The Purchaser understands and acknowledges that there may be multiple Closings for the Offering.

h. The Purchaser hereby agrees to furnish the Company such other information as the Company may request prior to the Closing with respect to its subscription hereunder.

i. The representations and warranties of the Company and the Purchaser made in this Agreement shall survive the execution and delivery hereof and the delivery of the Shares.

24. **Omnibus Signature Page.** This Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement. Accordingly, pursuant to the terms and conditions of this Agreement and the Registration Rights Agreement, it is hereby agreed that the execution by the Purchaser of this Agreement, in the place set forth on the Omnibus Signature Page below, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.

25. **Public Disclosure.** Neither the Purchaser nor any officer, manager, director, member, partner, stockholder, employee, Affiliate, Affiliated person or entity of the Purchaser shall make or issue any press releases or otherwise make any public statements or make any disclosures to any third person or entity with respect to the transactions contemplated herein and will not make or issue any press releases or otherwise make any public statements of any nature whatsoever with respect to the Company without the Company's express prior approval (which may be withheld in the Company's sole discretion), except to the extent such disclosure is required by law, request of the staff of the SEC or of any regulatory agency or principal trading market regulations.

26. **Potential Conflicts.** The Placement Agents, their sub-agents, legal counsel to the Company, the Placement Agents or Aerpio and/or their respective Affiliates, principals, representatives or employees may now or hereafter own shares of the Company.

27. **Independent Nature of Each Purchaser's Obligations and Rights**. For avoidance of doubt, the obligations of the Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and the Purchaser shall not be responsible in any way for the performance of the obligations of any other Purchaser under any other Subscription Agreement. Nothing contained herein and no action taken by the Purchaser shall be deemed to constitute the Purchaser as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement and any other Subscription Agreements. The Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has duly executed this Agreement as of the 15th day of March, 2017.

AERPIO PHARMACEUTICALS, INC.

By: /s/ Joseph H. Gardner
Name: Joseph H. Gardner
Title: President and CEO

Aerpio Pharmaceuticals, Inc.
OMNIBUS SIGNATURE PAGE TO
SUBSCRIPTION AGREEMENT AND REGISTRATION RIGHTS AGREEMENT

The undersigned, desiring to: (i) enter into the Subscription Agreement, dated as of _____ ___,[1] 2017 (the "*Subscription Agreement*"), between the undersigned, Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "*Company*"), and the other parties thereto, in or substantially in the form furnished to the undersigned, (ii) enter into the Registration Rights Agreement (the "*Registration Rights Agreement*"), among the undersigned, the Company and the other parties thereto, in or substantially in the form furnished to the undersigned, and (iii) purchase the Shares of the Company's securities as set forth in the Subscription Agreement and below, hereby agrees to purchase such Shares from the Company and further agrees to join the Subscription Agreement and the Registration Rights Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations section in the Subscription Agreement entitled "Representations and Warranties of the Purchaser" and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as a Purchaser.

IN WITNESS WHEREOF, the Purchaser hereby executes this Agreement and the Registration Rights Agreement.

Dated: _____, 2017

_____	X	$5.00	=	$_____
Number of Shares		Purchase Price per Share		Total Purchase Price

SUBSCRIBER (individual)

_____
Signature

_____
Print Name

Signature (if Joint Tenants or Tenants in Common)

Address of Principal Residence:

_____
_____
_____

Social Security Number(s):

_____

Telephone Number:

_____

Facsimile Number:

_____

E-mail Address:

_____

SUBSCRIBER (entity)

_____
Name of Entity

By: _____
Signature

Print Name: _____
Title: _____

Address of Executive Offices:

_____
_____
_____

IRS Tax Identification Number:

_____

Telephone Number:

_____

Facsimile Number:

_____

E-mail Address:

_____

1 ***Will reflect the Closing Date. Not to be completed by Purchaser.***

Aerpio Pharmaceuticals, Inc.

ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only
(all Individual Investors must *INITIAL* where appropriate):

Initial _____ I have a net worth of at least US$1 million either individually or through aggregating my individual holdings and those in which I have a joint, community property or other similar shared ownership interest with my spouse. ***(For purposes of calculating your net worth under this paragraph, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.)***

Initial _____ I have had an annual gross income for the past two (2) years of at least US$200,000 (or US$300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _____ I am a director or executive officer of _____.

For Non-Individual Investors (Entities)
(all Non-Individual Investors must *INITIAL* where appropriate):

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above (in which case each such person must complete the Accreditor Investor Certification for Individuals above as well the remainder of this questionnaire).

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that has total assets of at least US$5,000,000 and was not formed for the purpose of investing the Company.

Initial _____ The investor certifies that it is an employee benefit plan whose investment decision is made by a plan fiduciary (as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974) that is a bank, savings and loan association, insurance company or registered investment advisor.

Initial _____ The investor certifies that it is an employee benefit plan whose total assets exceed US$5,000,000 as of the date of this Agreement.

Initial _____ The undersigned certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet at least one of the criteria for Individual Investors.

Initial _____ The investor certifies that it is a U.S. bank as defined in Section 3(a)(2) of the Securities Act, or any U.S. savings and loan association or other similar U.S. institution as defined in Section 3(a)(5) of the Securities Act acting in its individual or fiduciary capacity.

Initial _____ The undersigned certifies that it is a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

Initial _____ The investor certifies that it is an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets exceeding US$5,000,000 and not formed for the specific purpose of investing in the Company.

Initial _____ The investor certifies that it is a trust with total assets of at least US$5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a person with such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.

Initial _____ The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of US$5,000,000.

Initial _____ The investor certifies that it is an insurance company as defined in Section 2(13) of the Securities Act of 1933, or a registered investment company.

Initial _____ The investor certifies that it is an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act.

Initial _____ The investor certifies that it is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

Initial _____ The investor certifies that it is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

Aerpio Pharmaceuticals, Inc.

Investor Profile
(Must be completed by Investor)

Section A - Personal Investor Information

Investor Name(s): _____

Individual executing Profile or Trustee: _____

Social Security Numbers / Federal I.D. Number: _____

Date of Birth: _____ Marital Status: _____

Joint Party Date of Birth: _____ Investment Experience (Years):

Annual Income: _____ Liquid Net Worth:

Net Worth*: _____

Tax Bracket: _____ 15% or below _____ 25% - 27.5% _____ Over 27.5%

Home Street Address: _____

Home City, State & Zip Code: _____

Home Phone: _____ Home Fax: _____ Home Email: _____

Employer: _____

Employer Street Address: _____

Employer City, State & Zip Code: _____

Bus. Phone: _____ Bus. Fax: _____ Bus. Email: _____

Type of Business: _____

Outside Broker/Dealer: _____

Section B – Certificate Delivery Instructions

____ Please deliver certificate to the Employer Address listed in Section A.

____ Please deliver certificate to the Home Address listed in Section A.

____ Please deliver certificate to the following address: _____

Section C – Form of Payment – Check or Wire Transfer

____ Check payable to **Delaware Trust Company, as Escrow Agent for Aerpio, ACCT# _____**

____ Wire funds from my outside account according to Section 2(b) of the Subscription Agreement.

____ The funds for this investment are rolled over, tax deferred from _____ within the allowed 60-day window.

____ Please check if you are a FINRA member or Affiliate of a FINRA member firm: ____

_____ _____

Investor Signature **Date**

* **For purposes of calculating your net worth in this form, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.**

ANTI MONEY LAUNDERING REQUIREMENTS

The USA PATRIOT Act

The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002 all brokerage firms have been required to have new, comprehensive anti-money laundering programs.

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act.

What is money laundering?

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

What are we required to do to eliminate money laundering?

Under rules required by the USA PATRIOT Act, our anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transaction and ensure compliance with such laws. As part of our required program, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to effect any transactions for you.

ANTI-MONEY LAUNDERING INFORMATION FORM
The following is required in accordance with the AML provision of the USA PATRIOT ACT.
(Please fill out and return with requested documentation.)

INVESTOR NAME: _____

LEGAL ADDRESS: _____

SSN# or TAX ID# OF INVESTOR: _____

YEARLY INCOME: _____

NET WORTH: _____ *****

* **For purposes of calculating your net worth in this form, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.**

INVESTMENT OBJECTIVE(S) (FOR ALL INVESTORS): _____

ADDRESS OF BUSINESS OR OF EMPLOYER: _____

_____

FOR INVESTORS WHO ARE INDIVIDUALS: AGE: _____

FOR INVESTORS WHO ARE INDIVIDUALS: OCCUPATION: _____

FOR INVESTORS WHO ARE ENTITIES: TYPE OF BUSINESS: _____

IDENTIFICATION & DOCUMENTATION AND SOURCE OF FUNDS:

1. Please submit a copy of non-expired identification for the authorized signatory(ies) on the investment documents, showing name, date of birth, address and signature. **The address shown on the identification document MUST match the Investor's address shown on the Investor Signature Page.**

   Current Driver's License or Valid Passport or Identity Card
   (*Circle one or more)*

2. If the Investor is a corporation, limited liability company, trust or other type of entity, please submit the following requisite documents: (i) Certificate of Incorporation, By-Laws, Certificate of Formation, Operating Agreement, Trust or other similar documents for the type of entity; and (ii) Corporate Resolution or power of attorney or other similar document granting authority to signatory(ies) and designating that they are permitted to make the proposed investment.

3. Please advise where the funds were derived from to make the proposed investment:

   Investments Savings Proceeds of Sale Other _____
   (Circle one or more)

Signature: _____
Print Name: _____
Title (if applicable): _____
Date: _____

EXHIBIT A

Form of Registration Rights Agreement

CWP/LMS/kt
09/28/09

OFFICE LEASE

THIS OFFICE LEASE is executed this 29th day of September, 2009, by and between DUKE REALTY OHIO, an Indiana general partnership ("Landlord"), and AKEBIA THERAPEUTICS, INC., a Delaware corporation ("Tenant").

ARTICLE 1—LEASE OF PREMISES

Section 1.01. Basic Lease Provisions and Definitions.

(a) Leased Premises (shown outlined on **Exhibit A** attached hereto): Suite 510 of the building commonly known as Pfeiffer Place (the "Building"), located at 10300 Alliance Road, Cincinnati, Ohio 45242.

b) Rentable Area: approximately 6,083 rentable square feet. The Rentable Area includes the square footage within the Leased Premises plus a pro rata portion of the square footage of the common areas within the Building, as reasonably determined by Landlord.

(c) Tenant's Proportionate Share: 3.76%.

(d) Minimum Annual Rent:

Months 1 – 5	$ 0.00	(5 months)*
Months 6 – 17	$63,749.88	per year
Months 18 – 29	$79,497.24	per year
Months 30 – 41	$81,484.68	per year
Months 42 – 53	$83,521.80	per year
Months 54 – 65	$85,609.80	per year.

(e) Monthly Rental Installments:

Months 1 – 5	$ 0.00	per month*
Months 6 – 17	$5,312.49	per month
Months 18 – 29	$6,624.77	per month
Months 30 – 41	$6,790.39	per month
Months 42 – 53	$6,960.15	per month
Months 54 – 65	$7,134.15	per month.

* During such period of free rent, Tenant shall pay the Annual Rental Adjustment, and, if any, Additional Rent.

(f) ***Intentionally Omitted.***

(g) Target Commencement Date: November 1, 2009.

(h) Lease Term: Five (5) years and five (5) months.

(i) Security Deposit: $20,000

(j) Broker: Colliers Turley Martin Tucker representing Tenant.

(k) Permitted Use: General office purposes.

(l) Address for notices and payments are as follows:

Landlord:	Duke Realty Ohio c/o Duke Realty Corporation Attn.: Cincinnati Office Market, Vice President, Asset Management and Customer Service 4555 Lake Forest Drive, Suite 400 Cincinnati, OH 45242
With Payments to:	Duke Realty Ohio 75 Remittance Drive, Suite 3205 Chicago, IL 60675-3205
Tenant:	Akebia Therapeutics, Inc. 10300 Alliance Road, Suite 510 Cincinnati, OH 45242.

(m) Guarantor(s): ***Intentionally Omitted.***

EXHIBITS

Exhibit A	Leased Premises
Exhibit A-1	Furniture
Exhibit B	Tenant Improvements
Exhibit B-1	Scope of Work
Exhibit C	Letter of Understanding
Exhibit D	***Intentionally Omitted***
Exhibit E	Rules and Regulations
Exhibit F	***Intentionally Omitted***
Exhibit G	Cleaning Specifications

Section 1.02. Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises, under the terms and conditions herein, together with a non-exclusive right, in common with others, to use the following (collectively, the "Common Areas"): the areas of the Building and the underlying land and improvements thereto that are designed for use in common by all tenants of the Building and their respective employees, agents, customers, invitees and others.

ARTICLE 2—TERM AND POSSESSION

Section 2.01. Term. The Lease Term shall commence as of the date (the "Commencement Date") that Substantial Completion (as defined in **Exhibit B** hereto) of the Tenant Improvements (as defined in Section 2.02 below) occurs.

Section 2.02. Construction of Tenant Improvements. Landlord shall construct and install all leasehold improvements to the Leased Premises (collectively, the "Tenant Improvements") in accordance with **Exhibit B** attached hereto and made a part hereof.

Section 2.03. Surrender of the Leased Premises. Upon the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, immediately (a) surrender the Leased Premises to Landlord in broom-clean condition and in good order, condition and repair, reasonable wear and tear, damage by fire and other casualty and condemnation and repairs which are the responsibility of Landlord hereunder excepted, (b) remove from the Leased Premises or where located (i) Tenant's Property (as defined in Section 8.01 below), (ii) all data and communications equipment, wiring and cabling (including above ceiling, below raised floors and behind walls) as requested by Landlord or if required by law, and (iii) any alterations required to be removed pursuant to Section 7.03 below, and (c) repair any damage caused by any such removal and restore the Leased Premises to the condition existing upon the Commencement Date, reasonable wear and tear, damage by fire and other casualty and condemnation and repairs which are the responsibility of Landlord hereunder excepted. In no event shall Tenant be obligated to remove the Tenant Improvements. All of Tenant's Property which Tenant is required to remove that is not removed within thirty (30) days following Landlord's written demand therefor shall be conclusively deemed to have been abandoned and Landlord shall be entitled to dispose of such property at Tenant's cost without incurring any liability to Tenant. This Section 2.03 shall survive the expiration or any earlier termination of this Lease.

Section 2.04. Holding Over. If Tenant retains possession of the Leased Premises after the expiration or earlier termination of this Lease, Tenant shall be a tenant at sufferance at one hundred fifty percent (150%) of the Monthly Rental Installments and Annual Rental Adjustment (as hereinafter defined) for the Leased Premises in effect upon the date of such expiration or earlier termination, and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor shall such acceptance create a month-to-month tenancy. In the event a month-to-month tenancy is created by operation of law, either party shall have the right to terminate such month-to-month tenancy upon thirty (30) days' prior written notice to the other, whether or not said notice is given on the rent paying date. This Section 2.04 shall in no way constitute a consent by Landlord to any holding over by Tenant upon the expiration or earlier termination of this Lease, nor limit Landlord's remedies in such event. If following any holdover period Landlord and Tenant mutually agree to extend the Lease Term or to enter into a new lease at a rate less than the holdover rent set forth above, Tenant shall have the right to recoup against the new rent the amount of the excess rent paid by Tenant at the holdover rate (as compared to the new rental rate agreed upon by the parties).

ARTICLE 3—RENT

Section 3.01. Base Rent. Tenant shall pay to Landlord the Minimum Annual Rent in the Monthly Rental Installments in advance, without demand, deduction or offset, except as expressly set forth herein, on the Commencement Date and on or before the first day of each and every calendar month thereafter during the Lease Term. The Monthly Rental Installments for partial calendar months shall be prorated.

Section 3.02. Annual Rental Adjustment Definitions.

(a) "Annual Rental Adjustment" shall mean the amount of Tenant's Proportionate Share of Operating Expenses for a particular calendar year.

(b) "Operating Expenses" shall mean the amount of all of Landlord's costs and expenses paid or incurred in operating, repairing, replacing and maintaining the Building and the Common Areas in good condition and repair for a particular calendar year (including all additional costs and expenses that Landlord reasonably determines that it would have paid or incurred during such year if the Building had been fully occupied; furthermore, if the Building's occupancy is deemed substantially full in any calendar year, all costs and expenses paid or incurred during that year will be recoverable from the tenants of the Building), including by way of illustration and not limitation, the following: all Real Estate Taxes (as hereinafter defined), insurance premiums and deductibles; water, sewer, electrical and other utility charges other than the separately billed electrical and other charges paid by Tenant as provided in this Lease (or other tenants in the Building); service and other charges incurred in the repair, replacement, operation and maintenance of the elevators and the heating, ventilation and air-conditioning system; costs associated with providing fitness facilities, if any; cleaning and other janitorial services; tools and supplies; repair costs; landscape maintenance costs; access patrols; license, permit and inspection fees; management fees; administrative fees; supplies, costs, wages and related employee benefits payable for the management, maintenance and operation of the Building; maintenance, repair and replacement of the driveways, parking and sidewalk areas (including snow and ice removal), landscaped areas, and lighting; and maintenance and repair costs, dues, fees and assessments incurred under any covenants or charged by any owners association. The cost of any Operating Expenses that are capital in nature shall be amortized over the useful life of the improvement (as reasonably determined by Landlord), and only the amortized portion shall be included in Operating Expenses.

Operating Expenses shall exclude the following:

(1) Leasing commissions.

(2) The cost of tenant finish improvements provided solely for the benefit of other tenants or proposed tenants in the Building.

(3) Depreciation on the Building.

(4) The cost of services separately charged to and paid by another tenant in the Building.

(5) Interest payments and financing costs associated with Building financing.

(6) Legal fees associated with the preparation, interpretation and/or enforcement of leases.

(7) Repairs and replacements for which and to the extent that Landlord has been reimbursed by insurance and/or paid pursuant to warranties.

(8) Advertising and promotional expenses.

(9) Costs representing amounts paid to an affiliate of Landlord for services or materials which are in excess of the amounts which would have been paid in the absence of such relationship.

(c) "Tenant's Proportionate Share of Operating Expenses" shall mean an amount equal to the product of Tenant's Proportionate Share times the Operating Expenses.

(d) "Real Estate Taxes" shall mean any form of real estate tax or assessment or service payments in lieu thereof, and any license fee, commercial rental tax, improvement bond or other similar charge or tax (other than inheritance, personal income or estate taxes) imposed upon the Building or Common Areas, or against Landlord's business of leasing the Building, by any authority having the power to so charge or tax, together with reasonable costs and expenses of contesting the validity or amount of the Real Estate Taxes.

Section 3.03. Payment of Additional Rent.

(a) Any amount required to be paid by Tenant hereunder (in addition to Minimum Annual Rent) and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease shall be considered "Additional Rent" payable in the same manner and upon the same terms and conditions as the Minimum Annual Rent reserved hereunder, except as set forth herein to the contrary. Any failure on the part of Tenant to pay such Additional Rent when and as the same shall become due shall entitle Landlord to the remedies available to it for non-payment of Minimum Annual Rent.

(b) In addition to the Minimum Annual Rent specified in this Lease, commencing as of the Commencement Date and continuing throughout the Lease Term, Tenant shall pay to Landlord as Additional Rent for the Leased Premises, in each calendar year or partial calendar year during the Lease Term, an amount equal to the Annual Rental Adjustment for such calendar year. Landlord shall estimate the Annual Rental Adjustment annually, and written notice thereof shall be given to Tenant prior to the beginning of each calendar year. Tenant shall pay to Landlord each month, at the same time the Monthly Rental Installment is due, an amount equal to one-twelfth (1/12) of the estimated Annual Rental Adjustment. If Operating Expenses increase during a calendar year, Landlord may increase (no more than once per calendar year) the estimated Annual Rental Adjustment during such year by giving Tenant written notice to that effect, and thereafter Tenant shall pay to Landlord, in each of the remaining months of such year, an amount equal to the amount of such increase in the estimated Annual Rental Adjustment divided by the number of months remaining in such year. Within a reasonable time after the end of each calendar year, Landlord shall prepare and deliver to Tenant a statement showing the actual Annual Rental Adjustment. Within thirty (30) days after receipt of the aforementioned statement, Tenant shall pay to Landlord, or Landlord shall credit against the next rent payment or payments due from Tenant, or pay to Tenant following expiration of this Lease as the case may be, the difference between the actual Annual Rental Adjustment for the preceding calendar year and the estimated amount paid by Tenant during such year. This Section 3.03 shall survive the expiration or any earlier termination of this Lease.

Section 3.04. Late Charges. Tenant acknowledges that Landlord shall incur certain additional unanticipated administrative and legal costs and expenses if Tenant fails to pay timely any payment required hereunder. Therefore, in addition to the other remedies available to Landlord hereunder, if any payment required to be paid by Tenant to Landlord hereunder shall become overdue, such unpaid amount shall bear interest from the due date thereof to the date of payment at the prime rate of interest, as reported in the *Wall Street Journal* (the "Prime Rate") plus six percent (6%) per annum; provided, however, such interest rate shall not be less than twelve percent (12%) per annum.

Section 3.05. Inspection and Audit Rights.

(a) Tenant shall have the right to inspect, at reasonable times and in a reasonable manner, during the sixty (60) day period following the delivery of Landlord's statement of the actual amount of the Annual Rental Adjustment (the "Inspection Period"), such of Landlord's books of account and records

as Landlord determines pertain to and contain information concerning the Annual Rental Adjustment for the prior calendar year in order to verify the amounts thereof. Such inspection shall take place at Landlord's office upon at least fifteen (15) days prior written notice from Tenant to Landlord. Only Tenant or a certified public accountant that is not being compensated for its services on a contingency fee basis shall conduct such inspection. Tenant shall also agree to follow Landlord's reasonable procedures for auditing such books and records. Landlord and Tenant shall act reasonably in assessing the other party's calculation of the Annual Rental Adjustment. Tenant shall provide Landlord with a copy of its findings within (60) days after commencement of the inspection. Tenant's failure to exercise its rights hereunder within the Inspection Period or to provide Landlord with a copy of its findings within sixty (60) days after the commencement of the inspection shall be deemed a waiver of its right to inspect or contest the method, accuracy or amount of such Annual Rental Adjustment.

(b) If Landlord and Tenant agree that Landlord's calculation of the Annual Rental Adjustment for the inspected calendar year was incorrect, the parties shall enter into a written agreement confirming such undisputed error and then Landlord shall make a correcting payment in full to Tenant within thirty (30) days after the determination of the amount of such error or credit such amount against future Additional Rent if Tenant overpaid such amount, and Tenant shall pay Landlord within thirty (30) days after the determination of such error if Tenant underpaid such amount. If Tenant provides Landlord with written notice disputing the correctness of Landlord's statement, and if such dispute shall have not been settled by agreement within thirty (30) days after Tenant provides Landlord with such written notice ("Settlement Period"), Tenant may submit the dispute to a reputable firm of independent certified public accountants selected by Tenant and approved by Landlord. Such accountants shall review the dispute taking into account the terms of the Lease. The decision of such accountants shall be conclusive and binding upon the parties. Tenant shall provide Landlord with a written copy of the findings of such accountants. If Tenant fails to provide Landlord with such copy within thirty (30) days after the expiration of the Settlement Period then Landlord's calculation of the Annual Rental Adjustment shall be deemed correct, and Tenant shall have no further right to contest or inspect the method, accuracy or amount of the Annual Rental Adjustment. If such accountant decides that there was an error, Landlord will make correcting payment if Tenant overpaid such amount, and Tenant shall pay Landlord if Tenant underpaid such amount within thirty (30) days after the decision is rendered and the results are provided to Landlord. The fees and expenses involved in such decision shall be borne by the party required to pay for the audit as set forth above. During the period of any inspection or audit, Tenant agrees that Tenant shall pay all amounts due hereunder, when due, including the Annual Rental Adjustment.

(c) All of the information obtained through Tenant's inspection with respect to financial matters (including, without limitation, costs, expenses and income) and any other matters pertaining to Landlord, the Leased Premises, the Building and/or the Park as well as any compromise, settlement or adjustment reached between Landlord and Tenant relative to the results of the inspection shall be held in strict confidence by Tenant and its officers, agents, and employees; and Tenant shall cause its independent professionals to be similarly bound. The obligations within the preceding sentence shall survive the expiration or earlier termination of the Lease.

Section 3.06. Maximum Increase in Operating Expenses. Notwithstanding anything in this Lease to the contrary, Tenant will be responsible for Tenant's Proportionate Share of Real Estate Taxes, insurance premiums, utilities, janitorial services, snow removal, landscaping, management fees, and charges assessed against the Building pursuant to any covenants or owner's association ("Uncontrollable Expenses"), without regard to the level of increase in any or all of the above in any year or other period of time. Tenant's obligation to pay all other Building Operating Expenses that are not Uncontrollable Expenses (herein "Controllable Expenses") shall be limited to a five percent (5%) per annum increase over the amount the Controllable Expenses per rentable square foot for the immediately preceding calendar year, beginning with the actual Controllable Expenses per rentable square foot for the year ending December 31, 2010.

ARTICLE 4—SECURITY DEPOSIT

Upon execution and delivery of this Lease by Tenant, Tenant shall deposit the Security Deposit with Landlord as security for the performance by Tenant of all of Tenant's obligations contained in this Lease. In the event of a default by Tenant, Landlord may apply all or any part of the Security Deposit to cure all or any part of such default; provided, however, that any such application by Landlord shall not be or be deemed to be an election of remedies by Landlord or considered or deemed to be liquidated damages. Tenant agrees promptly, upon demand, to deposit such additional sum with Landlord as may be required to maintain the full amount of the Security Deposit. All sums held by Landlord pursuant to this Article 4 shall be without interest and may be commingled by Landlord. At the end of the Lease Term, provided that there is then no uncured default or any repairs required to be made by Tenant pursuant to Section 2.03 above or Section 7.03 below, Landlord shall return the Security Deposit to Tenant.

ARTICLE 5—OCCUPANCY AND USE

Section 5.01. Use. Tenant shall use the Leased Premises for the Permitted Use and for no other purpose without the prior written consent of Landlord.

Section 5.02. Covenants of Tenant Regarding Use.

(a) Tenant shall (i) use and maintain the Leased Premises and conduct its business thereon in a safe, careful, reputable and lawful manner, (ii) comply with all covenants that encumber the Building and all laws, rules, regulations, orders, ordinances, directions and requirements of any governmental authority or agency, now in force or which may hereafter be in force, including, without limitation, those which shall impose upon Landlord or Tenant any duty with respect to or triggered by a change in the use or occupation of, or any improvement or alteration to, the Leased Premises by or on behalf of Tenant, and (iii) comply with and obey all reasonable directions, rules and regulations of Landlord, including the Building Rules and Regulations attached hereto as **Exhibit E** and made a part hereof, as may be modified from time to time by Landlord on reasonable notice to Tenant. In the event of any conflict between such rules and regulations and this Lease, this Lease shall control.

(b) Tenant shall not do or permit anything to be done in or about the Leased Premises that will in any way cause a nuisance, obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any of Landlord's directions, rules and regulations, but agrees that any enforcement thereof shall be done uniformly. Tenant shall not use the Leased Premises, nor knowingly allow the Leased Premises to be used, for any purpose or in any manner that would (i) invalidate any policy of insurance now or hereafter carried by Landlord on the Building, or (ii) increase the rate of premiums payable on any such insurance policy unless Tenant reimburses Landlord for any increase in premium charged.

Section 5.03. Landlord's Rights Regarding Use. Without limiting any of Landlord's rights specified elsewhere in this Lease (a) Landlord shall have the right at any time, without notice to Tenant, to control, change or otherwise alter the Common Areas in such manner as it deems necessary or proper, and (b) Landlord, its agents, employees and contractors and any mortgagee of the Building shall have the

right to enter any part of the Leased Premises at reasonable times upon reasonable notice (except in the event of an emergency where no notice shall be required) for the purposes of examining or inspecting the same (including, without limitation, testing to confirm Tenant's compliance with this Lease), showing the same to prospective purchasers, mortgagees or, during the last six (6) months of the Lease Term, tenants, and making such repairs, alterations or improvements to the Leased Premises or the Building as Landlord may deem necessary or desirable. Landlord shall incur no liability to Tenant for such entry, nor shall such entry constitute an eviction of Tenant or a termination of this Lease, or entitle Tenant to any abatement of rent therefor.

ARTICLE 6—UTILITIES AND OTHER BUILDING SERVICES

Section 6.01. Services to be Provided. Landlord shall furnish to Tenant, except as noted below, the following utilities and other services customary for similar Class "A" buildings in the suburban Cincinnati, Ohio office marketplace as appropriate for Tenant's use of the Leased Premises for the Permitted Use, or as may be required by law or directed by governmental authority:

(a) Heating, ventilation and air-conditioning between the hours of 8:00 a.m. and 6:00 p.m. Monday through Friday and 9:00 a.m. to 1:00 p.m. on Saturday of each week except on legal holidays;

(b) Electrical current not to exceed four (4) watts per square foot;

(c) Water in the Common Areas for lavatory, permitted kitchen and drinking purposes;

(d) Automatic elevator service;

(e) Cleaning and janitorial service in the Leased Premises and Common Areas on Monday through Friday of each week except legal holidays in accordance with the cleaning specifications, attached hereto as **Exhibit G**; provided, however, Tenant shall be responsible for carpet cleaning other than routine vacuuming;

(f) Washing of windows at intervals reasonably established by Landlord;

(g) Replacement of all lamps, bulbs, starters and ballasts in Building standard lighting as required from time to time as a result of normal usage;

(h) Maintenance of the Common Areas, including the removal of rubbish, ice and snow; and

(i) Access to the Building twenty-four (24) hours per day, seven (7) days per week via the Building's card access system.

Section 6.02. Additional Services.

(a) If Tenant requests utilities or building services in addition to those identified above, or if Tenant uses any of the above utilities or services in frequency, scope, quality or quantity substantially greater than similar office users in the suburban Cincinnati office market, then Landlord shall use reasonable efforts to attempt to furnish Tenant with such additional utilities or services. In the event Landlord is able to and does furnish such additional utilities or services, the costs thereof (which shall be deemed to mean the cost that Tenant would have incurred had Tenant contracted directly with the utility company or service provider) shall be borne by Tenant, who shall reimburse Landlord monthly for the same as Additional Rent. Landlord shall also have the right to submeter or separately meter the Leased Premises at Tenant's sole cost, and Tenant shall pay such utilities based on the submeter or separate meter.

(b) If any lights, density of staff, machines or equipment used by Tenant in the Leased Premises materially affect the temperature otherwise maintained by the Building's air-conditioning system or generate substantially more heat in the Leased Premises than that which would normally be generated by other tenants in the Building or by tenants in comparable office buildings, then Landlord shall have the right to install any machinery or equipment that Landlord considers reasonably necessary in order to restore the temperature balance between the Leased Premises and the rest of the Building, including, without limitation, equipment that modifies the Building's air-conditioning system. All reasonable costs expended by Landlord to install any such machinery and equipment and any additional costs of operation and maintenance in connection therewith shall be borne by Tenant, who shall reimburse Landlord for the same as provided in this Section 6.02.

Section 6.03. Interruption of Services. Tenant acknowledges and agrees that any one or more of the utilities or other services identified in Sections 6.01 or 6.02 or otherwise hereunder may be interrupted by reason of accident, emergency or other causes beyond Landlord's control, or may be discontinued or diminished temporarily by Landlord or other persons until certain repairs, alterations or improvements can be made. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility or service and no such failure or interruption shall entitle Tenant to terminate this Lease or withhold sums due hereunder.

Section 6.04. Interruption of Utilities. Notwithstanding the foregoing, in the event that (i) an interruption of utility service to the Leased Premises is due to Landlord's negligence or intentional wrongful acts and (ii) the restoration of such utility service is entirely within Landlord's control and (iii) such interruption renders all or a portion of the Leased Premises untenantable (meaning that Tenant is unable to use, and does not use, such space in the normal course of its business for the Permitted Use) for more than ten (10) consecutive business days, then Tenant shall notify Landlord in writing that Tenant intends to abate rent. If service has not been restored within five (5) business days of Landlord's receipt of Tenant's notice, then Minimum Annual Rent shall abate proportionately with respect to the portion of the Leased Premises rendered untenantable on a per diem basis for each day after such five (5) business-day period during which such portion of the Leased Premises remains untenantable. Such abatement shall be Tenant's sole remedy for Landlord's failure to restore service as set forth above, and Tenant shall not be entitled to damages (consequential or otherwise) as a result thereof.

ARTICLE 7—REPAIRS, MAINTENANCE AND ALTERATIONS

Section 7.01. Repair and Maintenance of Building. Landlord shall make all necessary repairs and replacements to the roof, exterior walls, exterior doors, windows, corridors and other Common Areas to keep them in good repair and condition in a manner comparable to other similar Class "A" suburban

office buildings in the suburban Cincinnati, Ohio office market, and Landlord shall keep the Building, and all mechanical and utility facilities and systems serving the Leased Premises in a clean, neat and good condition and use reasonable efforts to keep all equipment used in common with other tenants in good condition and repair. The cost of such repairs, replacements and maintenance shall be included in Operating Expenses to the extent provided in Section 3.02; provided however, to the extent any such repairs, replacements or maintenance are required because of the negligence, misuse or default of Tenant, its employees, agents, contractors, customers or invitees, Landlord shall make such repairs at Tenant's sole expense, subject to the provisions of Section 8.06.

Section 7.02. Repair and Maintenance of Leased Premises. Landlord shall keep and maintain the Leased Premises in good condition and repair. The cost of such repairs and maintenance to the Leased Premises shall be included in Operating Expenses to the extent permitted in Section 3.02; provided however, to the extent any repairs or maintenance are required in the Leased Premises because of the negligence, misuse or default of Tenant, its employees, agents, contractors, customers or invitees or are made at the specific request of Tenant, Landlord shall make such repairs or perform such maintenance at Tenant's sole expense, subject to the provisions of Section 8.06. Notwithstanding the above, Tenant shall be solely responsible for any repair or replacement with respect to Tenant's Property (as defined in Section 8.01 below) located in the Leased Premises, the Building or the Common Areas. Nothing in this Article 7 shall obligate Landlord or Tenant to repair normal wear and tear to any paint, wall covering or carpet in the Leased Premises.

Section 7.03. Alterations. Tenant shall not permit alterations in or to the Leased Premises unless and until Landlord has approved the plans therefor in writing. Notwithstanding the foregoing, Tenant shall have the right without Landlord's consent, and in compliance with all other provisions of this Section, to make any non-structural alterations to the Leased Premises which do not materially impact the Building's mechanical or electrical systems, do not adversely affect the Building's appearance or value, and the cost of which does not exceed Fifteen Thousand Dollars ($15,000.00), provided that Tenant gives Landlord fifteen (15) business days prior written notice of any such alterations, along with copies of plans and specifications relating thereto. Landlord may specify any alterations which Tenant will be required to remove and restore the Leased Premises upon termination of this Lease; otherwise, all such alterations shall at Landlord's option become a part of the realty and the property of Landlord, and shall not be removed by Tenant. Tenant shall ensure that all alterations shall be made in accordance with all applicable laws, regulations and building codes, in a good and workmanlike manner and of quality equal to or better than the original construction of the Building. No person shall be entitled to any lien derived through or under Tenant for any labor or material furnished to the Leased Premises, and nothing in this Lease shall be construed to constitute Landlord's consent to the creation of any lien. If any lien is filed against the Leased Premises for work claimed to have been done for or material claimed to have been furnished to Tenant, Tenant shall cause such lien to be discharged of record within thirty (30) days after filing. Tenant shall indemnify Landlord from all costs, losses, expenses and attorneys' fees in connection with any construction or alteration and any related lien. Tenant agrees that at Landlord's option, Duke Construction Limited Partnership or a subsidiary or affiliate of Landlord, who shall receive a fee as Landlord's construction manager or general contractor, shall perform all work on any alterations to the Leased Premises which are structural in nature or the cost of which exceeds Fifteen Thousand Dollars ($15,000.00).

ARTICLE 8—INDEMNITY AND INSURANCE

Section 8.01. Release. All of Tenant's trade fixtures, merchandise, inventory, special fire protection equipment, telecommunication and computer equipment, supplemental air conditioning equipment, kitchen equipment and all other personal property in or about the Leased Premises, the

Building or the Common Areas, which is deemed to include the trade fixtures, merchandise, inventory and personal property of others located in or about the Leased Premises or Common Areas at the invitation, direction or acquiescence (express or implied) of Tenant (all of which property shall be referred to herein, collectively, as "Tenant's Property"), shall be and remain at Tenant's sole risk. Landlord shall not be liable to Tenant or to any other person for, and Tenant hereby releases Landlord (and its affiliates, property managers and mortgagees) from (a) any and all liability for theft or damage to Tenant's Property, and (b) any and all liability for any injury to Tenant or its employees, agents, contractors, guests and invitees in or about the Leased Premises, the Building or the Common Areas, except to the extent of personal injury caused directly by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Nothing contained in this Section 8.01 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.01, the provisions of Section 8.06 shall prevail. This Section 8.01 shall survive the expiration or earlier termination of this Lease.

Section 8.02. Indemnification by Tenant. Tenant shall protect, defend, indemnify and hold Landlord, its agents, employees and contractors of all tiers harmless from and against any and all claims, damages, demands, penalties, costs, liabilities, losses, and expenses (including reasonable attorneys' fees and expenses at the trial and appellate levels) to the extent (a) arising out of or relating to any act, omission, negligence, or willful misconduct of Tenant or Tenant's agents, employees, contractors, customers or invitees in or about the Leased Premises, the Building or the Common Areas, (b) arising out of or relating to any of Tenant's Property, or (c) arising out of any other act or occurrence within the Leased Premises, in all such cases except to the extent of personal injury caused directly by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Nothing contained in this Section 8.02 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.02, the provisions of Section 8.06 shall prevail. This Section 8.02 shall survive the expiration or earlier termination of this Lease.

Section 8.03. Indemnification by Landlord. Landlord shall protect, defend, indemnify and hold Tenant, its agents, employees and contractors of all tiers harmless from and against any and all claims, damages, demands, penalties, costs, liabilities, losses and expenses (including reasonable attorneys' fees and expenses at the trial and appellate levels) to the extent arising out of or relating to any act, omission, negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors. Nothing contained in this Section 8.03 shall limit (or be deemed to limit) the waivers contained in Section 8.06 below. In the event of any conflict between the provisions of Section 8.06 below and this Section 8.03, the provisions of Section 8.06 shall prevail. This Section 8.03 shall survive the expiration or earlier termination of this Lease.

Section 8.04. Tenant's Insurance.

(a) During the Lease Term (and any period of early entry or occupancy or holding over by Tenant, if applicable), Tenant shall maintain the following types of insurance, in the amounts specified below:

(i) Liability Insurance. Commercial General Liability Insurance, ISO Form CG 00 01, or its equivalent, covering Tenant's use of the Leased Premises against claims for bodily injury or death or property damage, which insurance shall be primary and non-contributory and shall provide coverage on an occurrence basis with a per occurrence limit of not less than $2,000,000 for each policy year, which limit may be satisfied by any combination of primary and excess or umbrella per occurrence policies.

(ii) Property Insurance. Special Form Insurance in the amount of the full replacement cost of Tenant's Property (including, without limitation, alterations or additions performed by Tenant pursuant hereto, but excluding those improvements, if any, made pursuant to Section 2.02 above), which insurance shall waive coinsurance limitations.

(iii) Worker's Compensation Insurance. Worker's Compensation insurance in amounts required by applicable law; provided, if there is no statutory requirement for Tenant, Tenant shall still obtain Worker's Compensation insurance coverage.

(iv) Business Interruption Insurance. Business Interruption Insurance with limits not less than an amount equal to one (1) year of rent hereunder.

(v) Automobile Insurance. Comprehensive Automobile Liability Insurance insuring bodily injury and property damage arising from all owned, non-owned and hired vehicles, if any, with minimum limits of liability of $1,000,000 combined single limit, per accident. Notwithstanding the foregoing, Tenant may elect not to carry Comprehensive Automobile Liability Insurance; provided, however, that in such event, Tenant shall release Landlord from any and all liability arising during the Lease Term that would have been covered by such Comprehensive Automobile Liability Insurance had Tenant elected to carry such coverage.

(b) All insurance required to be carried by Tenant hereunder shall (i) be issued by one or more insurance companies reasonably acceptable to Landlord, licensed to do business in the State in which the Leased Premises is located and having an AM Best's rating of A IX or better, and (ii) provide that said insurance shall not be materially changed, canceled or permitted to lapse on less than thirty (30) days' prior written notice to Landlord. In addition, Tenant shall name Landlord, Landlord's managing agent, and any mortgagee requested by Landlord, as additional insureds under its commercial general liability, excess and umbrella policies (but only to the extent of the limits required hereunder). On or before the Commencement Date (or the date of any earlier entry or occupancy by Tenant), and thereafter, within thirty (30) days prior to the expiration of each such policy, Tenant shall furnish Landlord with certificates of insurance in the form of ACORD 25 (or other evidence of insurance reasonably acceptable to Landlord), evidencing all required coverages, and that with the exception of Worker's Compensation insurance, such insurance is primary and non-contributory. If Tenant fails to carry such insurance and furnish Landlord with such certificates of insurance within fifteen (15) days after written request therefor, Landlord may obtain such insurance on Tenant's behalf and Tenant shall reimburse Landlord upon demand for the cost thereof as Additional Rent. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts or different types of insurance if it becomes customary for other landlords of similar buildings in the area to require similar sized tenants in similar industries to carry insurance of such higher minimum amounts or of such different types.

Section 8.05. Landlord's Insurance. During the Lease Term, Landlord shall maintain the following types of insurance, in the amounts specified below (the cost of which shall be included in Operating Expenses):

(a) Liability Insurance. Commercial General Liability Insurance, ISO Form CG 00 01, or its equivalent, covering the Common Areas against claims for bodily injury or death and property damage, which insurance shall be primary and non-contributory and shall provide coverage on an occurrence basis with a per occurrence limit of not less than $2,000,000 for each policy year, which limit may be satisfied by any combination of primary and excess or umbrella per occurrence policies.

(b) Property Insurance. Special Form Insurance in the amount of the full replacement cost of the Building, including, without limitation, any improvements, if any, made pursuant to Section 2.02 above, but excluding Tenant's Property and any other items required to be insured by Tenant pursuant to Section 8.04 above.

Section 8.06. Waiver of Subrogation. Notwithstanding anything contained in this Lease to the contrary, Landlord (and its affiliates, property managers and mortgagees) and Tenant (and its affiliates) hereby waive any rights each may have against the other on account of any loss of or damage to their respective property, the Leased Premises, its contents, or other portions of the Building or Common Areas arising from any risk which is required to be insured against by Sections 8.04(a)(ii), Section 8.04(a)(iii) and 8.05(b) above. The special form property insurance policies and Worker's Compensation insurance policies maintained by Landlord and Tenant as provided in this Lease shall include an endorsement containing an express waiver of any rights of subrogation by the insurance company against Landlord and Tenant, as applicable.

ARTICLE 9—CASUALTY

In the event of total or partial destruction of the Building or the Leased Premises by fire or other casualty, Landlord agrees promptly to restore and repair same to substantially the condition existing immediately prior to the partial or total destruction; provided, however, Landlord's obligation hereunder with respect to the Leased Premises shall be limited to the reconstruction of such of the leasehold improvements as were originally required to be made by Landlord pursuant to Section 2.02 above, if any. Rent shall proportionately abate during the time that the Leased Premises or part thereof are unusable because of any such damage or repair. Notwithstanding the foregoing, if the Leased Premises are (a) so destroyed that they cannot be repaired or rebuilt within two hundred ten (210) days from the casualty date; or (b) destroyed by a casualty that is not covered by the insurance required hereunder or, if covered, such insurance proceeds are not released by any mortgagee entitled thereto or are insufficient to rebuild the Building and the Leased Premises; then, in case of a clause (a) casualty, either Landlord or Tenant may, or, in the case of a clause (b) casualty, then Landlord may, upon thirty (30) days' written notice to the other party, terminate this Lease with respect to matters thereafter accruing. Tenant waives any right under applicable laws inconsistent with the terms of this paragraph.

If Landlord does not terminate the Lease as provided above, but Landlord fails to either (a) substantially complete the restoration and repair of the Leased Premises within two hundred ten (210) days after the date of the occurrence of such casualty (subject to extension for Force Majeure and any delay caused by Tenant's acts or omissions) or (b) commence the restoration and repair of the Leased Premises within one hundred eighty (180) days after the date of the occurrence of such casualty, then Tenant shall have the right to terminate this Lease upon written notice to Landlord, so long as Tenant's written notice is delivered to Landlord prior to Landlord's delivery of the Leased Premises substantially completed to Tenant. Tenant waives any right under applicable laws inconsistent with the terms of this paragraph.

ARTICLE 10—EMINENT DOMAIN

If all or any substantial part of the Building or Common Areas shall be acquired by the exercise of eminent domain, Landlord may terminate this Lease by giving written notice to Tenant on or before the date possession thereof is so taken. If all or any part of the Leased Premises or the Common Areas shall be acquired by the exercise of eminent domain so that the Leased Premises shall become impractical for Tenant to use for the Permitted Use, Tenant may terminate this Lease by giving written notice to Landlord within thirty (30) days after Tenant has notice that possession thereof is so taken. All damages awarded shall belong to Landlord; provided, however, that Tenant may claim dislocation damages if such amount is not subtracted from Landlord's award.

ARTICLE 11—ASSIGNMENT AND SUBLEASE

Section 11.01. Assignment and Sublease.

(a) Except as otherwise hereinafter permitted, Tenant shall not assign this Lease or sublet the Leased Premises in whole or in part without Landlord's prior written consent. In the event of any permitted assignment or subletting, Tenant shall remain primarily liable hereunder. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or to be a consent to the assignment of this Lease or the subletting of the Leased Premises. Any assignment or sublease consented to by Landlord shall not relieve Tenant (or its assignee) from obtaining Landlord's consent to any subsequent assignment or sublease.

(b) By way of example and not limitation, Landlord shall be deemed to have reasonably withheld consent to a proposed assignment or sublease if in Landlord's commercially reasonable opinion (i) the Leased Premises are or may be in any way materially adversely affected; (ii) the business reputation of the proposed assignee or subtenant is unacceptable; (iii) the financial worth of the proposed assignee or subtenant is insufficient to meet the obligations hereunder, or (iv) the prospective assignee or subtenant is a current tenant at the Building or is a bona-fide third-party prospective tenant. Landlord further expressly reserves the right to refuse to give its consent to any subletting if the proposed rent is publicly advertised to be less than the then current rent for similar premises in the Building, but Tenant may publicly advertise the availability of the Leased Premises for sublease. If Landlord refuses to give its consent to any proposed assignment or subletting, Landlord may, at its option, within thirty (30) days after receiving a request to consent, terminate this Lease by giving Tenant thirty (30) days prior written notice of such termination, whereupon each party shall be released from all further obligations and liability hereunder, except those which expressly survive the termination of this Lease; provided, however, Tenant may, by written notice to Landlord prior to the date of termination, withdraw its request for consent to the proposed assignment or sublease, in which event Landlord's termination of this Lease shall be null and void and of no force and effect.

(c) If Tenant shall make any assignment or sublease, with Landlord's consent, for a rental in excess of the rent payable under this Lease plus the reasonable costs incurred by Tenant in connection with such rental, Tenant shall pay to Landlord fifty percent (50%) of any such excess rental upon receipt. Tenant agrees to pay Landlord $500.00 upon demand by Landlord for reasonable accounting and attorneys' fees incurred in conjunction with the processing and documentation of any requested assignment, subletting or any other hypothecation of this Lease or Tenant's interest in and to the Leased Premises as consideration for Landlord's consent.

Section 11.02. Permitted Transfer. Notwithstanding anything to the contrary contained in Section 11.01 above, Tenant shall have the right, without Landlord's consent, but upon ten (10) days prior notice to Landlord, to (a) sublet all or part of the Leased Premises to any related corporation or other entity which controls Tenant, is controlled by Tenant or is under common control with Tenant; (b) assign all or any part of this Lease to any related corporation or other entity which controls Tenant, is controlled by Tenant, or is under common control with Tenant, or to a successor entity into which or with which Tenant is merged or consolidated or which acquires substantially all of Tenant's assets or property; or (c) effectuate any public offering of Tenant's stock on the New York Stock Exchange or in the NASDAQ over the counter market, provided that in the event of a transfer pursuant to clause (b), the tangible net worth after any such transaction is not less than the tangible net worth of Tenant as of the date hereof and provided further that such successor entity assumes all of the obligations and liabilities of Tenant (any such entity hereinafter referred to as a "Permitted Transferee"). For the purpose of this Article 11 (i) "control" shall mean ownership of not less than fifty percent (50%) of all voting stock or legal and equitable interest in such corporation or entity, and (ii) "tangible net worth" shall mean the excess of the value of tangible assets (i.e. assets excluding those which are intangible such as goodwill, patents and trademarks) over liabilities. Any such transfer shall not relieve Tenant of its obligations under this Lease. Nothing in this paragraph is intended to nor shall permit Tenant to transfer its interest under this Lease as part of a fraud or subterfuge to intentionally avoid its obligations under this Lease (for example, transferring its interest to a shell corporation that subsequently files a bankruptcy), and any such transfer shall constitute a Default hereunder. Any change in control of Tenant resulting from a merger, consolidation, or a transfer of partnership or membership interests, a stock transfer, or any sale of substantially all of the assets of Tenant that do not meet the requirements of this Section 11.02 shall be deemed an assignment or transfer that requires Landlord's prior written consent pursuant to Section 11.01 above.

ARTICLE 12—TRANSFERS BY LANDLORD

Section 12.01. Sale of the Building. Landlord shall have the right to sell the Building at any time during the Lease Term, subject only to the rights of Tenant hereunder; and such sale shall operate to release Landlord from liability arising hereunder after the date of such conveyance, provided the transferee unconditionally assumes such liabilities in writing.

Section 12.02. Estoppel Certificate. Within ten (10) business days following receipt of a written request from Landlord, Tenant shall execute and deliver to Landlord, without cost to Landlord, an estoppel certificate in such form as Landlord may reasonably request certifying (a) that this Lease is in full force and effect and unmodified or stating the nature of any modification, (b) the date to which rent has been paid, (c) that there are not, to Tenant's knowledge, any uncured defaults or specifying such defaults if any are claimed, and (d) any other matters or state of facts reasonably required respecting the Lease. Such estoppel may be relied upon by Landlord and by any purchaser or mortgagee of the Building.

Section 12.03. Subordination. This Lease is and shall be expressly subject and subordinate at all times to the lien of any present or future mortgage or deed of trust encumbering fee title to the Leased Premises. If any such mortgage or deed of trust be foreclosed, upon request of the mortgagee or beneficiary ("Landlord's Mortgagee"), as the case may be, Tenant will attorn to the purchaser at the foreclosure sale. The foregoing provisions are declared to be self-operative and no further instruments shall be required to effect such subordination and/or attornment; provided, however, that subordination of this Lease to any present or future mortgage or trust deed shall be conditioned upon the mortgagee, beneficiary, or purchaser at foreclosure, as the case may be agreeing that Tenant's occupancy of the Leased Premises and other rights under this Lease shall not be disturbed by reason of the foreclosure of such mortgage or trust deed, as the case may be, so long as Tenant is not in default under this Lease, Within ten (10) business days following receipt of a written request from Landlord, Tenant shall execute and deliver to Landlord, without cost, any instrument that Landlord deems reasonably necessary or desirable to confirm the subordination of this Lease. subject to the condition precedent set forth in the immediately preceding sentence.

ARTICLE 13—DEFAULT AND REMEDY

Section 13.01. Default. The occurrence of any of the following shall be a "Default":

(a) Tenant fails to pay any Monthly Rental Installments or Additional Rent within five (5) days after the same is due.

(b) Tenant fails to perform or observe any other term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Landlord; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required to cure, then such default shall be deemed to have been cured if Tenant commences such performance within said thirty (30) day period and thereafter diligently completes the required action within a reasonable time.

(c) ***Intentionally Omitted***.

(d) Tenant shall assign or sublet all or a portion of the Leased Premises in contravention of the provisions of Article 11 of this Lease.

(e) All or substantially all of Tenant's assets in the Leased Premises or Tenant's interest in this Lease are attached or levied under execution (and Tenant does not discharge the same within sixty (60) days thereafter); a petition in bankruptcy, insolvency or for reorganization or arrangement is filed by or against Tenant (and Tenant fails to secure a stay or discharge thereof within sixty (60) days thereafter); Tenant is insolvent and unable to pay its debts as they become due; Tenant makes a general assignment for the benefit of creditors; Tenant takes the benefit of any insolvency action or law; the appointment of a receiver or trustee in bankruptcy for Tenant or its assets if such receivership has not been vacated or set aside within thirty (30) days thereafter; or, dissolution or other termination of Tenant's corporate charter if Tenant is a corporation.

In addition to the defaults described above, the parties agree that if Tenant is in Default of any monetary obligation three (3) or more times during any twelve (12) month period, regardless of whether such Defaults are ultimately cured, then such conduct shall, at Landlord's option, represent a separate Default.

Section 13.02. Remedies. Upon the occurrence of any Default, Landlord shall have the following rights and remedies, in addition to those stated elsewhere in this Lease and those allowed by law or in equity, any one or more of which may be exercised without further notice to Tenant:

(a) Landlord may re-enter the Leased Premises and cure any Default of Tenant, and Tenant shall reimburse Landlord as Additional Rent for any costs and expenses that Landlord thereby incurs; and Landlord shall not be liable to Tenant for any loss or damage that Tenant may sustain by reason of Landlord's action.

(b) Landlord may terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination and all rights of Tenant under this Lease and in and to the Leased Premises shall terminate. Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and Tenant shall surrender the Leased Premises to Landlord on the date specified in such notice. Furthermore, Tenant shall be liable to Landlord for the unamortized balance of any leasehold improvement allowance and brokerage fees paid in connection with the Lease.

(c) Without terminating this Lease, Landlord may terminate Tenant's right to possession of the Leased Premises, and thereafter, neither Tenant nor any person claiming under or through Tenant shall be entitled to possession of the Leased Premises. In such event, Tenant shall immediately surrender the Leased Premises to Landlord, and Landlord may re-enter the Leased Premises and dispossess Tenant and any other occupants of the Leased Premises by any lawful means and may remove their effects, without prejudice to any other remedy that Landlord may have. Upon termination of possession, Landlord may re-let all or any part thereof as the agent of Tenant for a term different from that which would otherwise have constituted the balance of the Lease Term and for rent and on terms and conditions different from those contained herein, whereupon Tenant shall be immediately obligated to pay to Landlord an amount equal to (i) the difference between the rent provided for herein and that provided for in any lease covering a subsequent re-letting of the Leased Premises, for the period which would otherwise have constituted the balance of the Lease Term had this Lease not been terminated (said period being referred to herein as the "Remaining Term"), (ii) the costs of recovering possession of the Leased Premises and all other expenses, loss or damage incurred by Landlord by reason of Tenant's Default ("Default Damages"), which shall include, without limitation, expenses of preparing the Leased Premises for re-letting, demolition, repairs, tenant finish improvements, brokers' commissions and attorneys' fees, and (iii) all unpaid Minimum Annual Rent and Additional Rent that accrued prior to the date of termination of possession, plus any interest and late fees due hereunder (the "Prior Obligations"). Neither the filing of any dispossessory proceeding nor an eviction of personalty in the Leased Premises shall be deemed to terminate the Lease.

(d) Landlord may terminate this Lease and recover from Tenant all damages Landlord may incur by reason of Tenant's default, including, without limitation, an amount which, at the date of such termination is equal to the sum of the following: (i) the value of the excess, if any, discounted at the prime rate of interest (as reported in the *Wall Street Journal*), of (A) the Minimum Annual Rent, Additional Rent and all other sums that would have been payable hereunder by Tenant for the Remaining Term, less (B) the aggregate reasonable rental value of the Leased Premises for the Remaining Term, as determined by a real estate broker licensed in the State of Ohio who has at least ten (10) years of experience, (ii) all of Landlord's Default Damages, and (iii) all Prior Obligations. Landlord and Tenant acknowledge and agree that the payment of the amount set forth in clause (i) above shall not be deemed a penalty, but shall merely constitute payment of liquidated damages, it being understood that actual damages to Landlord are extremely difficult, if not impossible, to ascertain. It is expressly agreed and understood that all of Tenant's liabilities and obligations set forth in this subsection (d) shall survive termination.

(e) With or without terminating this Lease, declare immediately due and payable the sum of the following: (i) the present value (discounted at the prime rate of interest, as reported in the *Wall Street Journal*) of all Minimum Annual Rent and Additional Rent due and coming due under this Lease for the entire Remaining Term (as if by the terms of this Lease they were payable in advance), less the present value (discounted at Prime Rate) of the net amount of such rent for the balance of the Lease Term which Landlord reasonably determines could be recovered by Landlord from re-letting the Leased Premises under then current and reasonably anticipated market conditions for the remainder of the Lease Term (ii) all Default Damages, and (iii) all Prior Obligations, whereupon Tenant shall be obligated to pay the same to Landlord; provided, however, that such payment shall not be deemed a penalty or liquidated damages,

but shall merely constitute payment in advance of all Minimum Annual Rent and Additional Rent payable hereunder throughout the Remaining Term, and provided further, however, that upon Landlord receiving such payment, Tenant shall be entitled to receive from Landlord all rents received by Landlord from other assignees, tenant and subtenants on account of said Leased Premises during the Remaining Term (but only to the extent that the monies to which Tenant shall so become entitled do not exceed the entire amount actually paid by Tenant to Landlord pursuant to this subsection (e)), less all Default Damages of Landlord incurred but not yet reimbursed by Tenant.

(f) Landlord may sue for injunctive relief or to recover damages for any loss resulting from the Default.

Section 13.03. Landlord's Default and Tenant's Remedies. Except as otherwise specifically set forth in this Lease, Landlord shall be in default if it fails to perform any term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Tenant to Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is such that it cannot reasonably be performed within thirty (30) days, such default shall be deemed to have been cured if Landlord commences such performance within said thirty-day period and thereafter diligently undertakes to complete the same. Upon the occurrence of any such default, Tenant may sue for injunctive relief or to recover damages for any loss directly resulting from the breach, but Tenant shall not be entitled to terminate this Lease or withhold, offset or abate any sums due hereunder except as specifically set forth herein or pursuant to a valid order issued by a court of competent jurisdiction. In no event, however, shall Landlord be liable to Tenant for any consequential or punitive damages.

Section 13.04. Limitation of Landlord's Liability. If Landlord shall fail to perform any term, condition, covenant or obligation required to be performed by it under this Lease and if Tenant shall, as a consequence thereof, recover a money judgment against Landlord, Tenant agrees that it shall look solely to Landlord's right, title and interest in and to the Building for the collection of such judgment; and Tenant further agrees that no other assets of Landlord shall be subject to levy, execution or other process for the satisfaction of Tenant's judgment.

Section 13.05. Nonwaiver of Defaults. Neither party's failure or delay in exercising any of its rights or remedies or other provisions of this Lease shall constitute a waiver thereof or affect its right thereafter to exercise or enforce such right or remedy or other provision. No waiver of any default shall be deemed to be a waiver of any other default. Landlord's receipt of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction. No act or omission by Landlord or its employees or agents during the Lease Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord.

Section 13.06. Attorneys' Fees. If either party defaults in the performance or observance of any of the terms, conditions, covenants or obligations contained in this Lease and the non-defaulting party obtains a judgment against the defaulting party, then the defaulting party agrees to reimburse the non-defaulting party for reasonable attorneys' fees incurred in connection therewith. In addition, if a monetary Default shall occur and Landlord engages outside counsel to exercise its remedies hereunder, and then Tenant cures such monetary Default, Tenant shall pay to Landlord, on demand, all expenses incurred by Landlord as a result thereof, including reasonable attorneys' fees, court costs and expenses actually incurred.

Section 13.07. Mitigation of Damages. If required by applicable law, but subject to the limitations set forth below, if Tenant defaults and/or if Landlord terminates this Lease or Tenant's right to possession, Landlord shall have an obligation to mitigate Landlord's damages. Landlord shall be required only to use reasonable efforts to mitigate, which shall not exceed such efforts as Landlord generally uses to lease other space in the Building. Landlord will not be deemed to have failed to mitigate if Landlord leases any other portions of the Building before reletting all or any portion of the Leased Premises. Landlord shall not be deemed to have failed to mitigate if it incurs reasonable reletting costs. In recognition that the value of the Building depends on the rental rates and terms of leases therein, Landlord's rejection of a prospective replacement tenant based on an offer of rentals below Landlord's published rates for new leases of comparable space at the Building at the time in question, or at Landlord's option, below the rates provided in this Lease, or containing terms less favorable than those contained herein, shall not give rise to a claim by Tenant that Landlord failed to mitigate Landlord's damages. Notwithstanding anything herein to the contrary, in any action between the parties, Tenant shall bear the burden of proving Landlord's failure to mitigate damages.

ARTICLE 14—LANDLORD'S RIGHT TO RELOCATE TENANT

Landlord shall have the right upon at least sixty (60) days' prior written notice to Tenant to relocate Tenant and to substitute for the Leased Premises other space in the Building or in another building owned by Landlord, or an affiliated entity of Landlord, in the Blue Ash submarket containing at least as much square footage as the Leased Premises. Landlord shall improve such substituted space, at its expense, with improvements at least equal in quantity and quality to those in the Leased Premises. In the event Landlord relocates Tenant pursuant to this Article 14, (a) Landlord shall reimburse Tenant for all reasonable third party expenses incurred in connection with, and caused by, such relocation (including, but not limited to, moving expenses, reasonable supplies of stationery, business cards and other similar "address-sensitive" supplies, all build-out costs, and costs to set up work equipment and areas), and (b) Tenant shall receive a credit in the amount of Twenty-Five Thousand and 00/100 Dollars ($25,000) against the Monthly Rental Installments next due. In addition, Landlord agrees to relocate Tenant at such time as to reasonably minimize any business disruption to Tenant, including moving over weekends as necessary. In no event shall Landlord be liable to Tenant for any consequential damages as a result of any such relocation, including, but not limited to, loss of business income or opportunity.

ARTICLE 15—TENANT'S RESPONSIBILITY REGARDING ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES

Section 15.01. Environmental Definitions.

(a) "Environmental Laws" shall mean all present or future federal, state and municipal laws, ordinances, rules and regulations applicable to the environmental and ecological condition of the Leased Premises, and the rules and regulations of the Federal Environmental Protection Agency and any other federal, state or municipal agency or governmental board or entity having jurisdiction over the Leased Premises.

(b) "Hazardous Substances" shall mean those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "solid waste" or "infectious waste" under Environmental Laws and petroleum products.

Section 15.02. Restrictions on Tenant. Tenant shall not cause or permit the use, generation, release, manufacture, refining, production, processing, storage or disposal of any Hazardous Substances on, under or about the Leased Premises, or the transportation to or from the Leased Premises of any Hazardous Substances, except as necessary and appropriate for its Permitted Use in which case the use, storage or disposal of such Hazardous Substances shall be performed in compliance with the Environmental Laws and the highest standards prevailing in the industry.

Section 15.03. Notices, Affidavits, Etc. Tenant shall immediately (a) notify Landlord of (i) any violation by Tenant, its employees, agents, representatives, customers, invitees or contractors of any Environmental Laws on, under or about the Leased Premises, or (ii) the presence or suspected presence of any Hazardous Substances in violation of Environmental Laws or this Article 15 of which Tenant becomes aware,_on, under or about the Leased Premises, and (b) deliver to Landlord any notice received by Tenant relating to (a)(i) and (a)(ii) above from any source. Tenant shall execute affidavits, representations and the like within five (5) days of Landlord's request therefor concerning Tenant's best knowledge and belief regarding the presence of any Hazardous Substances on, under or about the Leased Premises.

Section 15.04. Tenant's Indemnification. Tenant shall indemnify Landlord and Landlord's managing agent from any and all claims, losses, liabilities, costs, expenses and damages, including attorneys' fees, costs of testing and remediation costs, incurred by Landlord in connection with any breach by Tenant of its obligations under this Article 15. The covenants and obligations under this Article 15 shall survive the expiration or earlier termination of this Lease.

Section 15.05. Existing Conditions. Notwithstanding anything contained in this Article 15 to the contrary, Tenant shall not have any liability to Landlord under this Article 15 resulting from any conditions existing, or events occurring, or any Hazardous Substances existing or generated, at, in, on, under or in connection with the Leased Premises prior to the Commencement Date of this Lease (or any earlier occupancy of the Leased Premises by Tenant) or after the Commencement Date to the extent not caused by Tenant, its agents, employees or contractors except to the extent Tenant exacerbates the same.

ARTICLE 16—MISCELLANEOUS

Section 16.01. Benefit of Landlord and Tenant. This Lease shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and assigns.

Section 16.02. Governing Law. This Lease shall be governed in accordance with the laws of the State where the Building is located.

Section 16.03. Force Majeure. Landlord and Tenant (except with respect to the payment of any monetary obligation) shall be excused for the period of any delay in the performance of any obligation hereunder when such delay is occasioned by causes beyond its control, including but not limited to work stoppages, boycotts, slowdowns or strikes; shortages of materials, equipment, labor or energy; unusual weather conditions; or acts or omissions of governmental or political bodies.

Section 16.04. Examination of Lease. Submission of this instrument by Landlord to Tenant for examination or signature does not constitute an offer by Landlord to lease the Leased Premises. This Lease shall become effective, if at all, only upon the execution by and delivery to both Landlord and Tenant. Execution and delivery of this Lease by Tenant to Landlord constitutes an offer to lease the Leased Premises on the terms contained herein.

Section 16.05. Indemnification for Leasing Commissions. The parties hereby represent and warrant that the only real estate brokers involved in the negotiation and execution of this Lease are the Brokers and that no other party is entitled, as a result of the actions of the respective party, to a commission or other fee resulting from the execution of this Lease. Each party shall indemnify the other from any and all liability for the breach of this representation and warranty on its part and shall pay any compensation to any other broker or person who may be entitled thereto. Landlord shall pay any commissions due Brokers based on this Lease pursuant to separate agreements between Landlord and Brokers.

Section 16.06. Notices. Any notice required or permitted to be given under this Lease or by law shall be deemed to have been given if it is written and delivered in person or by overnight courier or mailed by certified mail, postage prepaid, to the party who is to receive such notice at the address specified in Section 1.01(1). If sent by overnight courier, the notice shall be deemed to have been given one (1) day after sending. If mailed, the notice shall be deemed to have been given on the date that is three (3) business days following mailing. Either party may change its address by giving written notice thereof to the other party.

Section 16.07. Partial Invalidity; Complete Agreement. If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions shall remain in full force and effect. This Lease represents the entire agreement between Landlord and Tenant covering everything agreed upon or understood in this transaction. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect between the parties. No change or addition shall be made to this Lease except by a written agreement executed by Landlord and Tenant.

Section 16.08. Financial Statements. During the Lease Term and any extensions thereof, Tenant shall provide to Landlord within thirty (30) days following Landlord's request (which request shall not be made more than annually), a copy of Tenant's most recent financial statements prepared as of the end of Tenant's fiscal year. Such financial statements shall be signed by Tenant or an officer of Tenant, if applicable, who shall attest to the truth and accuracy of the information set forth in such statements, or if the Minimum Annual Rent hereunder exceeds $100,000.00, said statements shall be certified and audited. All financial statements provided by Tenant to Landlord hereunder shall be prepared in conformity with generally accepted accounting principles, consistently applied.

Section 16.09. Representations and Warranties.

(a) Tenant hereby represents and warrants that (i) Tenant is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Tenant is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Lease on behalf of Tenant has been properly authorized to do so, and such execution and delivery shall bind Tenant to its terms.

(b) Landlord hereby represents and warrants that (i) Landlord is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Landlord is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Lease on behalf of Landlord has been properly authorized to do so, and such execution and delivery shall bind Landlord to its terms.

Section 16.10. Signage. Landlord, at its cost and expense, shall provide Tenant with Building standard signage on the main Building directory and at the entrance to the Leased Premises. Any changes requested by Tenant to the initial directory or suite signage shall be made at Tenant's sole cost and expense and shall be subject to Landlord's approval. Landlord may install such other signs, advertisements, notices or tenant identification information on the Building directory, tenant access doors

or other areas of the Building, as it shall deem necessary or proper. Tenant shall not place any exterior signs on the Leased Premises or interior signs visible from the exterior of the Leased Premises without the prior written consent of Landlord. Notwithstanding any other provision of this Lease to the contrary, Landlord may immediately remove any sign(s) placed by Tenant in violation of this Section 16.10.

Section 16.11. Parking. Tenant shall be entitled to the non-exclusive use of the parking spaces designated for the Building by Landlord. Tenant agrees not to overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right in its absolute discretion to determine whether parking facilities are becoming crowded and, in such event, to reasonably allocate parking spaces between Tenant and other tenants. There will be no assigned parking unless Landlord, in its reasonable discretion, deems such assigned parking advisable. No vehicle may be repaired or serviced in the parking area and any vehicle brought into the parking area by Tenant, or any of Tenant's employees, contractors or invitees, and deemed abandoned by Landlord will be towed and all costs thereof shall be borne by the Tenant. All driveways, ingress and egress, and all parking spaces are for the joint use of all tenants. There shall be no parking permitted on any of the streets or roadways located around the Building. In addition, Tenant agrees that its employees will not park in the spaces designated visitor parking.

Section 16.12. Consent. Where the consent of a party is required, such consent will not be unreasonably withheld.

Section 16.13. Time. Time is of the essence of each term and provision of this Lease.

Section 16.14. Agency Disclosure. Tenant acknowledges having previously received the Agency Disclosure Statement. Duke Realty Services, LLC, its agents and employees, have represented only Landlord, and have not in any way represented Tenant, in the marketing, negotiation, and completion of this lease transaction.

Section 16.15. Guaranty. ***Intentionally Omitted.***

Section 16.16. Patriot Act. Each of Landlord and Tenant, each as to itself, hereby represents its compliance and its agreement to continue to comply with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act, and the laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order 13224 ("Executive Order"). Each of Landlord and Tenant further represents (such representation to be true throughout the Lease Term) (i) that it is not, and it is not owned or controlled directly or indirectly by any person or entity, on the SDN List published by the United States Treasury Department's Office of Foreign Assets Control, and (ii) that it is not a person otherwise identified by government or legal authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of the Executive Order are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

Section 16.17. Option to Terminate. Provided that (a) no Default has occurred and is then continuing, and (b) all or a majority of Tenant's stock or assets are purchased by a third party, Tenant shall have the right to terminate the Lease effective at any time after the end of the thirty-sixth (36th) month following the Commencement Date. In order to exercise such termination right, Tenant shall notify Landlord of such exercise in writing at least six (6) months prior to the effective date of such termination, and together with such notice, Tenant shall deliver to Landlord, as an agreed upon termination fee, an amount equal to Fifty Thousand Dollars ($50,000.00). Such payment is made in consideration for Landlord's grant of this option to terminate to compensate Landlord for rental and other concessions given to Tenant and for other good and valuable consideration. The termination fee does not constitute payment of rent to Landlord.

Section 16.18. Quiet Enjoyment. Landlord agrees that if Tenant shall, perform all of the covenants and agreements herein provided to be performed on Tenant's part, Tenant shall at all times during the Lease Term, have the peaceable and quiet enjoyment of possession of the Leased Premises without any manner of hindrance from Landlord or any persons lawfully claiming under Landlord, except as may be provided in this Lease.

Section 16.19. Furniture. Landlord and Tenant acknowledge that upon the Commencement Date, the Leased Premises contains certain furniture as shown on **Exhibit** A-1**.** Provided Tenant is not in default hereunder, Tenant shall have the right to such furniture and upon the expiration of this Lease shall remove such furniture in accordance with the terms of this Lease. Tenant accepts the furniture "**AS IS**" without any representation or warranty from Landlord.

Section 16.20. Compliance with Laws. Landlord represents to Tenant that as of the date of execution of this Lease, to the best of Landlord's knowledge, Landlord has not received written notice from any governmental authority that the Building is not in compliance with applicable laws, regulations, codes and statutes.

(SIGNATURES CONTAINED ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

DUKE REALTY OHIO,
an Indiana general partnership

By: Duke Realty Limited Partnership, a general partner

By: Duke Realty Corporation,
its general partner

By: /s/ Jon C. Burger
Jon C. Burger
Senior Vice President
Cincinnati Group

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Jon C. Burger, by me known and by me known to be the Senior Vice President, Cincinnati Group of Duke Realty Corporation, an Indiana corporation, the general partner of Duke Realty Limited Partnership, a general partner of Duke Realty Ohio, an Indiana general partnership, who acknowledged the execution of the foregoing "Office Lease" on behalf of said partnership.

WITNESS my hand and Notarial Seal this 29th day of September, 2009.

ROSE ANDRIACCO
Notary Public, State of Ohio

My Commission Expires March 8, 2010

/s/ Rose Andriacco
Notary Public

(Printed Signature)

My Commission Expires:
My County of Residence: Clermont

(SIGNATURES CONTINUED ON FOLLOWING PAGE)

TENANT:

AKEBIA THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Joseph Gardner
Name: Joseph Gardner
Title: President & CEO

STATE OF Ohio)
)SS:
COUNTY OF Hamilton)

Before me, a Notary Public in and for said County and State, personally appeared Joseph Gardner, by me known and by me known to be the President & CEO of Akebia Therapeutics, Inc., a Delaware corporation, who acknowledged the execution of the foregoing "Office Lease" on behalf of said corporation.

WITNESS, my hand and Notarial Seal this 28th day of September, 2009.

ROSE ANDRIACCO
Notary Public, State of Ohio

My Commission Expires March 8, 2010

/s/ Rose Andriacco
Notary Public

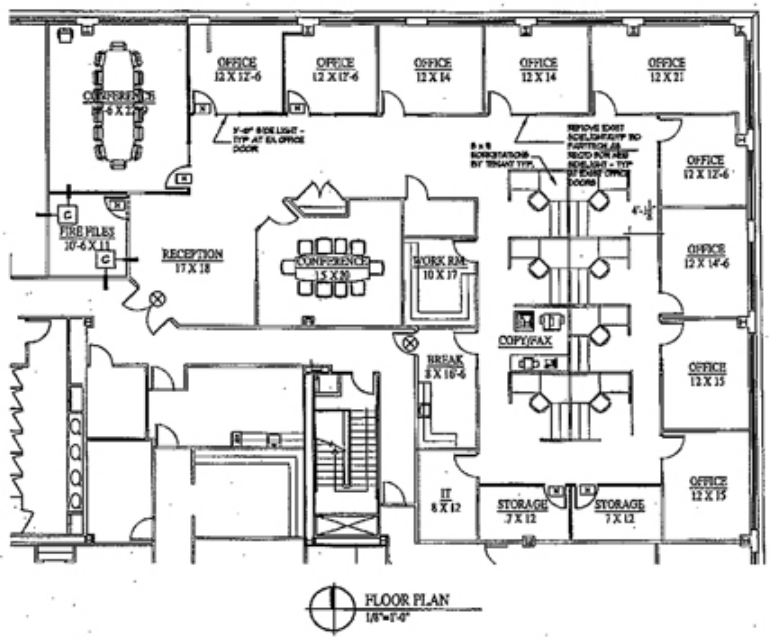
(Printed Signature)

My Commission Expires:
My County of Residence: Clermont

EXHIBIT A

SITE PLAN OF LEASED PREMISES

ISSUED	REVISED
08.13.09 DKW PLAN 1	08.14.09 EJH REV 1 09.03.09, DKW REV 2 09.10.09, DKW REV 3 09.23.09, DKW REV 4



FLOOR PLAN
1/8"=1'-0"

KEY PLAN
NTS

NOTES

1. ALL WORK SHALL BE EXECUTED IN ACCORDANCE WITH THE CASLER CONSTRUCTION INTERIOR FINISH MANUAL SPECIFICATIONS, WITH MOST DATE OF OCTOBER 3, 2008.
2. ALL PARTITIONS ARE SHALL TYPE "A" UNLESS OTHERWISE NOTED.
3. ALL FURNITURE, EQUIPMENT AND APPLIANCES BY TENANT.
4. ALL DOORS ARE EXISTING UNLESS OTHERWISE NOTED WITH [N].
5. ALL EXISTING CEILING TILE TO BE REUSED. TILES W/ MAJOR DEFECTS WILL BE REPLACED. EXISTING GRID TO BE USED. BENT PIECES WILL BE REPLACED AND HOLES WILL BE PLUGGED.
6. ALL DOORS & FRAMES TO BE REUSED UNLESS DAMAGED. DOORS AND FRAMES OF SCRATCHED WILL BE TOUCHED UP.
7. ALL LIGHTS AND EXIT DEVICES WILL BE REUSED ONLY LIGHTS AFFECTED BY NEW CONSTRUCTION WILL BE RELOCATED. BURNT OUT BULBS WILL BE REPLACED.
8. REUSE EXISTING BLINDS. DEFECTIVE BLINDS SHALL BE REPAIRED OR REPLACED.
9. WALLS TO BE PAINTED 2 COATS OF LATEX THROUGHOUT.
10. NEW BUILDING STANDARD CARPET + BASE THROUGHOUT.
11. EXISTING ELECTRICAL AND TELEPHONE OUTLETS TO REMAIN IN THEIR EXISTING LOCATIONS UNLESS OTHERWISE NOTED BY TENANT.
12. IT WILL BE THE RESPONSIBILITY OF THE TENANT TO MOVE ALL FURNITURE, PERSONAL ITEMS, COMPUTER AND ELECTRONIC EQUIPMENT.

WALL LEGEND

INDICATES CONSTRUCTION TO BE REMOVED

INDICATES NEW CONSTRUCTION

INDICATES EXISTING CONSTRUCTION TO BE LEFT UNDISTURBED

[C] SMOKE TIGHT WALL

⊗ INDICATES DOORS INTENDED TO BE A PEARL OF BARISTA

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
SPACE HAS NOT BEEN FIELD VERIFIED BY CASLER DESIGN GROUP

CASLER DESIGN GROUP, INC.
Architecture • Planning • Interior Design
10805 Indeco Drive • Cincinnati, Ohio 45241
(Phone) 513.791.0454 • (Fax) 513.771.7486

AKEBIA THERAPEUTICS, INC.
PFEIFFER PLACE SUITE 310
6,083 RSF

Duke REALTY CORPORATION

EXHIBIT A-1

FURNITURE

- 2 Conference Tables currently at Lake Forest Place on the 6th Floor
- All chairs associated with above conference table currently at Lake Forest Place on the 6th Floor
- 6 miscellaneous chairs from Lake Forest Place on the 6th Floor

EXHIBIT B

TENANT IMPROVEMENTS

1. Landlord's Obligations. Tenant has personally inspected the Leased Premises and accepts the same **"AS IS"** without representation or warranty by Landlord of any kind and with the understanding that Landlord shall have no responsibility with respect thereto except to construct and install within the Leased Premises, in a good and workmanlike manner and in compliance with all applicable laws, the Tenant Improvements, in accordance with this **Exhibit B**.

2. Construction Drawings. On or before the thirtieth (30th) day following the date hereof, Landlord shall prepare and submit to Tenant a set of construction drawings (the "CD's") covering all work to be performed by Landlord in constructing and installing the Tenant Improvements, which shall be based on the scope of work attached as **Exhibit B-1** hereto. Tenant shall have five (5) business days after receipt of the CD's in which to review the CD's and to give to Landlord written notice of Tenant's approval of the CD's or its requested changes to the CD's. Tenant shall have no right to request any changes to the CD's that would increase the scope of work or materially alter the exterior appearance or basic nature of the Building or the Building systems. If Tenant fails to approve or request changes to the CD's within five (5) business days after its receipt thereof, Tenant shall be deemed to have approved the CD's and the same shall thereupon be final. If Tenant requests any changes to the CD's, Landlord shall make those changes which are reasonably requested by Tenant and shall within ten (10) days of its receipt of such request submit the revised portion of the CD's to Tenant. Tenant may not thereafter disapprove the revised portions of the CD's unless Landlord has unreasonably failed to incorporate reasonable comments of Tenant and, subject to the foregoing, the CD's, as modified by said revisions, shall be deemed to be final upon the submission of said revisions to Tenant. Tenant shall at all times in its review of the CD's, and of any revisions thereto, and Landlord in its preparation and revision of CD's shall at all times, act reasonably and in good faith. Without limiting the foregoing, Tenant agrees to confirm Tenant's consent to the CD's in writing within three (3) business days following Landlord's written request therefor.

3. Schedule and Early Occupancy. Landlord shall provide Tenant with a proposed schedule for the construction and installation of the Tenant Improvements and shall notify Tenant of any material changes to said schedule. Tenant and Landlord agree to coordinate with each other regarding the installation of Tenant's phone and data wiring and any other trade related fixtures that will need to be installed in the Leased Premises prior to Substantial Completion. In addition, if and to the extent permitted by applicable laws, rules and ordinances, Tenant shall have the right to enter the Leased Premises prior to the scheduled date for Substantial Completion (as may be modified from time to time) in order to install fixtures and otherwise prepare the Leased Premises for occupancy, which right shall expressly exclude making any structural modifications. During any entry prior to the Commencement Date (a) Tenant shall comply with all terms and conditions of this Lease other than the obligation to pay rent, (b) Tenant shall not materially interfere with Landlord's completion of the Tenant Improvements, (c) Tenant shall cause its personnel and contractors to comply with the reasonable terms and conditions of Landlord's rules of conduct (which Landlord agrees to furnish to Tenant upon request), and (d) Tenant shall not begin operation of its business. Tenant acknowledges that Tenant shall be responsible for obtaining all applicable permits and inspections relating to any such entry by Tenant. Such entry shall not be deemed possession, occupancy or acceptance of the Leased Premises.

4. Change Orders. Tenant shall have the right to request changes to the CD's at any time following the date hereof by way of written change order (each, a "Change Order", and collectively, "Change Orders"). Provided such Change Order is reasonably acceptable to Landlord, Landlord shall prepare and submit promptly to Tenant a memorandum setting forth the impact on cost and schedule resulting from said Change Order (the "Change Order Memorandum of Agreement"). Tenant shall, within three (3) business days following Tenant's receipt of the Change Order Memorandum of Agreement, either (a) execute and return the Change Order Memorandum of Agreement to Landlord, or (b) retract its request for the Change Order. At Landlord's option, Tenant shall pay to Landlord (or Landlord's designee), within ten (10) days following Landlord's request, any increase in the cost to construct the Tenant Improvements resulting from the Change Order, as set forth in the Change Order Memorandum of Agreement. Landlord shall not be obligated to commence any work set forth in a Change Order until such time as Tenant has delivered to Landlord the Change Order Memorandum of Agreement executed by Tenant and, if applicable, Tenant has paid Landlord in full for said Change Order.

5. Tenant Delay. Notwithstanding anything to the contrary contained in the Lease, if Substantial Completion of the Tenant Improvements is delayed as a result of Tenant Delay (as hereinafter defined), then, for purposes of determining the Commencement Date, Substantial Completion of the Tenant Improvements shall be deemed to have occurred on the date that Substantial Completion of the Tenant Improvements would have occurred but for such Tenant Delay. Without limiting the foregoing, Landlord shall use commercially reasonable speed and diligence to Substantially Complete the Tenant Improvements on or before the Target Commencement Date.

6. Letter of Understanding. Promptly following the Commencement Date, Tenant shall execute Landlord's Letter of Understanding in substantially the form attached hereto as **Exhibit C** and made a part hereof, acknowledging (a) the Commencement Date of this Lease, and (b) except for any punchlist items, that Tenant has accepted the Leased Premises. If Tenant takes possession of and occupies the Leased Premises, Tenant shall be deemed to have accepted the Leased Premises and that the condition of the Leased Premises and the Building was at the time satisfactory and in conformity with the provisions of this Lease in all respects, subject to any punchlist items and the warranty provided in Paragraph 9 below.

7. Definitions. For purposes of this Lease (a) "Substantial Completion" (or any grammatical variation thereof) shall mean (i) completion of construction of the Tenant Improvements in accordance with the requirements of this **Exhibit B**, subject only to punchlist items to be identified by Landlord and Tenant in a joint inspection of the Leased Premises prior to Tenant's occupancy the existence and completion of which will not materially, adversely affect Tenant's occupancy of the Leased Premises, and (ii) the issuance of a certificate of occupancy for the Leased Premises or other similar authorization issued by the appropriate governmental authority, if required, and (b) "Tenant Delay" shall mean any delay in the completion of the Tenant Improvements attributable to Tenant, including, without limitation (i) Tenant's failure to meet any time deadlines specified herein, (ii) Change Orders (for which the Change Order Memorandum of Agreement provides additional time for completion of the Work less any Change Orders which shorten the time for construction), (iii) the performance of any other work in the Leased Premises by any person, firm or corporation employed by or on behalf of Tenant, or any failure to complete or delay in completion of such work, (iv) Landlord's inability to obtain an occupancy permit for the Leased Premises because of the need for completion of all or a portion of improvements being installed in the Leased Premises directly by Tenant, and (v) any other act or omission of Tenant.

8. Punch List Items. All punchlist items identified by Landlord and Tenant pursuant to Paragraph 7 shall be completed within thirty (30) days after the joint inspection described in Paragraph 7 or such shorter period as Landlord and Tenant may agree upon in writing.

9. Warranty. Landlord warrants for a period of one (1) year following the Commencement Date that the Tenant Improvements shall be completed in a good and workmanlike manner in accordance with the approved CDs and all applicable legal requirements. Landlord, at its sole cost and expense, shall correct any defective or nonconforming condition of which Tenant gives Landlord written notice prior to expiration of such one (1) year period.

SCOPE OF WORK

TENANT NAME:	AKEBIA THERAPEUTICS
BLD. LOCATION:	PFEIFFER PLACE STE 510
SUITE NUMBER:	510
PROPOSAL DATE:	8/20/2009
REVISED (#) DATE:	8/23/2009
REVISION NUMBER:	1
PROJECT MANAGER:	JOE MAHORNEY
LEASING AGENT:	TODD PEASE
ARCH. DWG. BY:	CASLER
DRAWING DATE:	8-21 dlow rev-1
BUILDING TYPE:	OFFICE
OFFICE - RSF:	6,083
WAREHOUSE - RSF:	
TOTAL - RSF:	6,083

Based upon the "Contract Documents", DUKE REALTY LIMITED PARTNERSHIP ("Duke") agrees to perform the following "Work".

General Conditions

PERMITS / FEES		
BUILDING PERMIT (IN BLUE ASH OR HAMILTON COUNTY)	6,083	SF
NOTICE OF COMMENCEMENT	1	LS
CONSTRUCTION INSURANCE	1	LS
SUPERVISION		
SUPERINTENDENT	6	WKS
Building ENGINEER FOR AFTER HOURS WORK	1	EA
MISCELLANEOUS BUILDING COMPONENTS		
MISCELLANEOUS MATERIALS (DUST / FLOOR PROTECTION)	6,083	SF
PROJECT CLEAN-UP		
FINAL CLEAN	6,083	SF
DUMPSTER RENTAL	3	EA
DESIGN FEES		
ARCH. DESIGN DEVELOPMENT FEES (OFFICE & RETAIL)	6,083	SF
ARCHITECTURAL CD'S (OFFICE)	6,083	SF
BLUEPRINTS/PRINTING COSTS	1	EA

Doors

FRAMES/DOORS/HARDWARE		
3' X 6' SOLID CORE PREFINISHED MAHOGANY ENTRY DOOR WITH 3' WIDE GLASS SIDELIGHT / STANDARD HINGES AND A PREFINISHED METAL FRAME.	3	EA
3' X 6' SOLID CORE PREFINISHED MAHOGANY ENTRY DOOR WITH STANDARD HINGES AND A PREFINISHED METAL FRAME.	3	EA
INSTALL DOOR CLOSER	1	EA
3' W X FULL HEIGHT SIDELITES IN EXISTING OFFICES	7	EA
HARDWARE ACCESSORIES		
72K LEVER HANDLE LOCKSET (MEDIUM DUTY).	6	EA
RECORE EXISTING LOCKS WITH NEW KEYS(2) EACH	2	EA

Finishes

GENERAL CONSTRUCTION		
DRYWALL PARTITIONS "A WALL" 9'0" HIGHT / 25 GA. 2 1/2" STN- MS / 24" OC / 5/8" DRYW.	79	LF
DRYWALL PARTITIONS "C WALL" 14'-0" HIGHT / 20 GA. 3 5/8" STE-MS / 24" OC / 5/8" DRYW.	43	LF
EXTEND EXISTING WALLS TO DECK	33	LF
PATCH AND REPAIR EXISTING DRYWALL	1	EA
RE-WORK EXISTING CEILING SYSTEM DUE TO NEW CONSTRUCTION	572	SF
WALL FINISHES		
TOUCH-UP DOORS	12	EA
PAINT WALLS WITH TWO COATS OF Latex PAINT	11,644	SF
FLOOR FINISHES		

DEMO EXISTING FLOOR FINISHES AND BASE	1	LS
MINOR PREP	1	LS
STANDARD CARPET TO BE DIRECT GLUE DOWN (MSRGB/ MXXFUSE)	5,139	SF
FURNISH AND INSTALL BUILDING STANDARD VINYL COMPOSITION TILE. TILE TO BE ARMSTRONG STANDARD EXCELON IMPERIAL TEXTURE OR SIMILAR IN FILE/FILE ROOM, BREAK ROOM, AND WORK ROOM.	405	SF
FURNISH AND INSTALL 4" VINYL COVE BASE	1,144	LF

Equipment

FOOD SERVICE EQUIPMENT

FURNISH AND DELIVER DISHWASHER	1	EA

Mechanical

SPRINKLERS

RELOCATE EXISTING SPRINKLER HEADS TO MATCH NEW FLOOR PLAN PER LOCAL CODES. (OFFICE)	13	EA

HVAC

FURNISH ALL EQUIPMENT, MATERIAL, AND LABOR TO INSTALL CEILING MOUNTED HEAT PUMP. INCLUDED WILL BE DUCTWORK DISTRIBUTION SYSTEM WITH DIFFUSERS, RETURN AIR GRILLES, AND T-STATS. PIPING, AIR BALANCE, PERMITS, AND DRAWINGS ARE INCLUDED. UNIT TO BE (1.5) TONS	1	EA
AIR BALANCE	1	SF
PERMIT DRAWINGS AND FEES	1	SF
RE-WORK EXISTING HVAC SYSTEM DUE TO RE-MODEL WORK	6,000	SF

Electrical

LIGHTING SYSTEMS - OFFICE

RELOCATE EXISTING LAY-IN LIGHT FIXTURE.	15	EA
RE-WORK EXISTING LIGHT CIRCUIT	1	EA
FURNISH AND INSTALL SINGLE POLE SWITCH	6	EA
RELOCATE EXISTING SWITCH.	7	EA

POWER SYSTEMS - OFFICE

DEMOLITION	1	LS
FURNISH AND INSTALL DUPLEX RECEPTACLES	7	EA
PROVIDE POWER FOR SYSTEM FURNITURE. INCLUDE HOOK-UP. POWER TO ENERGIZE UP TO (6) FURNITURE SYSTEMS	2	EA
FURNISH AND INSTALL VOICE/DATA ROUGH-IN (WIRING BY TENANT)	4	EA
FURNISH AND INSTALL TELEPHONE BOARD 4' X 8' WITH DEDICATED DUPLEX RECEPTACLE	1	EA
PROVIDE POWER FOR HEAT PUMP UNIT UP TO 2.5 TON UNIT	1	EA

FIRE SAFETY DEVICES - OFFICE

RELOCATE EXISTING EXIT LIGHT FIXTURE.	1	EA
FURNISH AND INSTALL HORN / STROBE FIRE ALARM UNIT	4	EA
PROVIDE POWER FOR SMOKE DETECTOR	1	EA
SMOKE DAMPERS	1	LOT

SERVICE AND DISTRIBUTION

ELEC. DRAWING FEES / PERMITS AND INSPECTIONS. (SUBURBAN & DOWNTOWN OFFICE/RETAIL PROJECTS.	1	LS

EXCLUSIONS / QUALIFICATIONS / ALTERNATES

EXCLUSIONS:
VOICE / DATA CABLING

SPECIALTY LIGHTING
SECURITY ACCESS
DEDICATED COOLING
FURNITURE

QUALIFICATIONS:
1. ABOVE COSTS ARE BASED ON WORK BEING PERFORMED DURING NORMAL WORKING HOURS

2. IT WILL BE THE RESPONSIBILITY OF THE TENANT TO MOVE ALL FURNITURE, PERSONAL ITEMS, COMPUTERS ELECTRONIC AND COMMUNICATION EQUIPMENT UNLESS OTHERWISE NOTED IN THE ABOVE SCOPE.

ALTERNATES:

ADD 3' SIDELITES – $1,070.00 EACH

CUSTOMER TO PAY:

If applicable, LANDLORD TO PAY:
Customer will pay to Duke the "Lump sum as stipulated above" (the "Contract Sum").

OWNER SIGNATURE:

DUKE CONSTRUCTION LIMITED PARTNERSHIP
By: Duke Business Centers Corporation, its general partner

Signed:

Printed:

Title:

DATE:

CUSTOMER SIGNATURE:

AKEBIA THERAPEUTICS

Signed:

Printed:

Title:

DATE:

SEND PAYMENT TO THE FOLLOWING ADDRESS:
DUKE CONSTRUCTION
75 REMITTANCE DRIVE
SUITE 3239
CHICAGO, IL 60675-3239

REFERENCE THE FOLLOWING INFORMATION ON CHECK FOR PROPER ALLOCATION:
TENANT NAME
AKEBIA THERAPEUTICS
LOCATION
UCHEE'S PLACE STE 510

CUSTOMER BILLING INFORMATION:
(Note: Project can not be started until this information is complete)
(Please print or type)
INVOICE DESTINATION ADDRESS:

CONTACT REGARDING BILLING: _____

CONTACT PHONE #: _____

CONTACT E-MAIL ADDRESS: _____

This Proposal is subject to the "Terms and Conditions" attached to this document. This Proposal will be void unless signed above by Customer and delivered to Duke within (60) calendar days from the "Proposal Date" above.

EXHIBIT C

LETTER OF UNDERSTANDING

Duke Realty Ohio
Attention: Vice President, Asset Management and Customer Service
4555 Lake Forest Drive, Suite 400
Cincinnati, OH 45242

RE: Lease Agreement between Duke Realty Ohio, an Indiana general partnership ("Landlord") and _____ ("Tenant") for the Leased Premises located at _____, _____, _____ (the "Leased Premises"), dated _____, 200__ (the "Lease").

Dear _____:

The undersigned, on behalf of Tenant, certifies to Landlord as follows:

1. The Commencement Date under the Lease is _____.
2. The rent commencement date is _____.
3. The expiration date of the Lease is _____.
4. The Lease (including amendments or guaranty, if any) is the entire agreement between Landlord and Tenant as to the leasing of the Leased Premises and is in full force and effect.
5. The Landlord has completed the improvements designated as Landlord's obligation under the Lease (excluding punchlist items as agreed upon by Landlord and Tenant), if any, and Tenant has accepted the Leased Premises as of the Commencement Date.
6. To the best of the undersigned's knowledge, there are no uncured events of default by either Tenant or Landlord under the Lease.

IN WITNESS WHEREOF, the undersigned has caused this Letter of Understanding to be executed this __ day of _____, 2009.

_____,
a(n) _____

By: _____
Printed Name: _____
Title: _____

EXHIBIT: NOT FOR EXECUTION

EXHIBIT D

[Intentionally Omitted

EXHIBIT E

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or used for any purpose other than ingress and egress. Landlord shall control the Common Areas.

2. No awnings or other projections shall be attached to the outside walls 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 Leased Premises other than Landlord standard window coverings without Landlord's prior written approval. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent, of a quality, type, design and tube color approved by Landlord. Neither the interior nor the exterior of any windows shall be coated or otherwise sunscreened without written consent of Landlord.

3. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by any tenant on, about or from any part of the Leased Premises, the Building or in the Common Areas including the parking area without the prior written consent of Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove or stop same without any liability, and may charge the expense incurred in such removal or stopping to tenant. The lobby directory will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering.

4. The sashes, sash doors, windows, and doors that reflect or admit light and air into halls, passageways or other public places in the Building shall not be covered or obstructed by tenant.

5. The sinks and toilets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose subtenants, assignees or any of their servants, employees, agents, visitors or licensees shall have caused the same.

6. No tenant shall mark, paint, drill into, or in any way deface any part of the Leased Premises or the Building (except for nails for the display of artwork). No boring, cutting or stringing of wires or laying of any floor coverings shall be permitted, except with the prior written consent of the Landlord and as the Landlord may direct. Landlord shall direct electricians as to where and how telephone or data cabling are to be introduced. No boring o***r*** cutting for wires or stringing of wires will be allowed without written consent of Landlord, The location of telephones, call boxes and other office equipment affixed to the Leased Premises shall be subject to the approval of Landlord.

7. No bicycles, vehicles, birds or animals of any kind (except seeing eye dogs) shall be brought into or kept in or about the Leased Premises, and no cooking shall be done or permitted by any tenant on the Leased Premises, except microwave cooking, and the preparation of coffee, tea, hot chocolate and similar items for tenants and their employees. No tenant shall cause or permit any unusual or objectionable odors to be produced in or permeate from the Leased Premises.

8. The Leased Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of the Leased Premises. No tenant shall occupy or permit any portion of the Leased Premises to be occupied as an office for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or a dance, exercise or music studio, or any type of school or daycare or copy, photographic or print shop or an employment bureau without the express written consent of Landlord. The Leased Premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.

9. No tenant shall make, or permit to be made any unseemly, excessive or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. No tenant shall throw anything out of doors, windows or down the passageways.

10. No tenant, subtenant or assignee nor any of its servants, employees, agents, visitors or licensees, shall at any time bring or keep upon the Leased Premises any flammable, combustible or explosive fluid, chemical or substance or firearm.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made to existing locks or the mechanism thereof. Each tenant must upon the termination of his tenancy, restore to the Landlord all keys of doors, offices, and toilet rooms, either furnished to, or otherwise procured by, such tenant and in the event of the loss of keys so furnished, such tenant shall pay to the 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 changes.

12. No tenant shall overload the floors of the Leased Premises. All damage to the floor, structure or foundation of the Building due to improper positioning or storage items or materials shall be repaired by Landlord at the sole cost and expense of tenant, who shall reimburse Landlord immediately therefor upon demand. All removals or the carrying in or out of any safes, freight, furniture, or bulky matter of any description must take place during the hours that Landlord shall reasonably determine from time to time. The moving of safes or other fixtures or bulky matter of any kind must be done upon previous notice to Landlord and under Landlord’s supervision, and the persons employed by any tenant for such work must be acceptable to Landlord. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. The Landlord reserves the right to prescribe the weight and position of all safes, which must be placed upon supports approved by Landlord to distribute the weight.

13. Landlord shall have the right to prohibit any advertising by any tenant that, in Landlord’s opinion tends to impair the reputation of the Building or its desirability as an office location, and upon written notice from Landlord any tenant shall refrain from or discontinue such advertising.

14. The business hours for the Building shall be 8:00 a.m. to 6:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. on Saturday, excluding legal holidays. Landlord reserves the right to require all persons entering the Building between the hours of 6:00 p.m. and 8:00 a.m. and at all hours on Saturday, Sunday and legal holidays to register with Landlords security personnel. Each tenant shall be responsible for all persons entering the Building at tenant’s invitation, express or implied. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of an invasion, mob riot, public excitement or other circumstances rendering such action advisable in Landlord’s opinion, Landlord reserves the right without any abatement of rent to require all persons to vacate the Building and to prevent access to the Building during the continuance of the same for the safety of the tenants and the protection of the Building and the property in the Building.

15. No tenant shall purchase janitorial or maintenance or other like services, from any person or persons not approved by Landlord. Any persons employed by any tenant to do janitorial work or other work in the Leased Premises shall, while in the Building and outside of the Leased Premises, be subject to and under the control and direction of Landlord (but not as an agent or servant of Landlord), and tenant shall be responsible for all acts of such persons.

16. Canvassing, soliciting and peddling in the Building are prohibited, and each tenant shall report and otherwise cooperate to prevent the same.

17. All office equipment of any electrical or mechanical nature shall be placed by tenant in the Leased Premises in settings that will, to the maximum extent possible, absorb or prevent any vibration, noise and annoyance.

18. No air-conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord.

19. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and rubber side guards.

20. The scheduling of tenant move-ins shall be before or after normal business hours and on weekends, subject to the reasonable discretion of Landlord.

21. The Building is a smoke-free Building. Smoking is strictly prohibited within the Building. Smoking shall only be allowed in areas designated as a smoking area by Landlord. Tenant and its employees, representatives, contractors or invitees shall not smoke within the Building or throw cigar or cigarette butts or other substances or litter of any kind in or about the Building, except in receptacles for that purpose. Landlord may, at its sole discretion, impose a charge against monthly rent of $50.00 per violation by tenant or any of its employees, representatives, contractors or invitees, of this smoking policy.

22. Tenants will insure that all doors are securely locked, and water faucets, electric lights and electric machinery are turned off before leaving the Building.

23. Parking spaces associated with the Building are intended for the exclusive use of passenger automobiles. Except for intermittent deliveries, no vehicles other than passenger automobiles may be parked in a parking space without the express written permission of Landlord. Tenant, its employees, customers, invitees and guests shall, when using the parking facilities in and around the Building, observe and obey all signs regarding fire lanes and no-parking and driving speed zones and designated handicapped and visitor spaces, and when parking always park between the designated lines. Landlord reserves the right to tow away, at the expense of the owner, any vehicle which is improperly parked or parked in a no-parking zone or in a designated handicapped area, and any vehicle which is left in any parking lot in violation of the foregoing regulation. All vehicles shall be parked at the sole risk of the owner, and Landlord assumes no responsibility for any damage to or loss of vehicles except to the extent arising out of the negligence or willful misconduct of Landlord, the managing agent or any of their respective partners, directors, officers, agents or employees.

24. Tenant shall be responsible for and cause the proper disposal of medical waste, including hypodermic needles, created by its employees.

It is Landlord’s desire to maintain in the Building and Common Areas the highest standard of dignity and good taste consistent with comfort and convenience for tenants. Any action or condition not meeting this high standard should be reported directly to Landlord. The Landlord reserves the right to make such other and further rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Building and Common Areas, and for the preservation of good order therein, subject to the terms of the Lease.

EXHIBIT F

Intentionally Omitted

EXHIBIT G

2009 CLEANING SPECIFICATIONS FOR
DUKE REALTY CORPORATION, CINCINNATI, OHIO

This specification is designed to provide 5 day(s)/week janitorial maintenance service. These cleaning requirements will provide a consistent level of quality for the areas listed below.

AIRLOCK—HARD SURFACE

DAILY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Empty trash containers and carry trash to pick-up area. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Using a flat mop, mop all stains and spills.

WEEKLY SERVICE: Using a flat mop, damp mop entire area.

MONTHLY SERVICE: Machine scrub hard surface floor. Vacuum HVAC louvers.

YEARLY SERVICE: Dust ceiling light lenses.

BREAK/COFFEE AREA—CARPET

DAILY SERVICE: Using approved spotter, spot clean carpeted area. Using a damp microfiber wipe dust all horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Empty all trash containers check liners, change if soiled. (This will result in changing liners no less than weekly.) Collect all trash and place in designated area. Refill soap and paper towel dispensers. Clean and sanitize all sinks and wipe dry. Vacuum all carpeted traffic lane areas.

WEEKLY SERVICE: Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas. Dust all low reach areas.

NOTE: **Vacuuming is accomplished, in most cases, by a combination of tasks FULL—TRAFFIC—DETAIL—SPOT. Combined, they provide the vacuuming required.**

NOTE: **Hard Surface floor maintenance requires a combination of tasks. By combining Spray Buffing, Scrub and Re-coating and then Strip and Refinishing you receive the consistent quality cleaning level required.**

MONTHLY SERVICE: Dust all high reach areas. Vacuum HVAC louvers.

QUARTERLY SERVICE: Extract carpets using an automatic extractor.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

DINING AREA—HARD SURFACE

DAILY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Using a flat mop, mop all stains and spills. Clean both sides of all glass doors and side glass. Dust all accessible horizontal surfaces. Empty all trash containers check liners, change if soiled. (This will result in changing liners no less than weekly.) Collect all trash and place in designated area.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

WEEKLY SERVICE: Using a high speed floor machine spray buff all hard surface area. Dust high and low areas (e.g., pictures, clocks, partition tops).

MONTHLY SERVICE: Dust all window blinds. Polish all wood furniture surfaces with approved polish. Vacuum HVAC louvers. Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

EVERY OTHER MONTH SERVICE: Strip hard surface floor and recoat with three coats of floor polish.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

KITCHENETTES—HARD SURFACE

DAILY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Using a flat mop, damp mop entire area. Using a damp microfiber wipe dust all horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Empty all trash containers check liners, change if soiled. (This will result in changing liners no less than weekly.) Collect all trash and place in designated area. Refill soap and paper towel dispensers. Clean and sanitize all sinks and wipe dry.

WEEKLY SERVICE: Dust all low reach areas.

TWICE/MONTH SERVICE: Using a high speed floor machine spray buff all hard surface area.

MONTHLY SERVICE: Dust all window blinds. Dust all high reach areas. Vacuum HVAC louvers.

EVERY OTHER MONTH SERVICE: Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

YEARLY SERVICE: Strip hard surface floor and recoat with three coats of floor polish

OFFICES—CARPET

DAILY SERVICE: Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area. Using approved spotter, spot clean carpeted area. Spot clean partition and door glass. Spot vacuum to remove visible soil.

TWICE/WEEK SERVICE: Dust all furniture, fixtures, equipment and accessories.

WEEKLY SERVICE: Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Dust all chair and table legs and rungs, baseboards, ledges, moldings, and other low reach areas.

MONTHLY SERVICE: Dust all surfaces above normal reach including sills, ledges moldings, shelves, door frames, pictures and vents. Clean both sides of all glass doors and side glass. Clean all partition glass. Dust all window blinds. Spot clean telephones and sanitize receivers. Vacuum HVAC louvers.

YEARLY SERVICE: Dust ceiling light lenses. Extract carpets using an automatic extractor.

OFFICE AISLES—CARPET

DAILY SERVICE: Fully vacuum floors from wall to wall with battery powered wide vacuum. Using approved spotter, spot clean carpeted area.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

WEEKLY SERVICE: Dust all low reach areas.

MONTHLY SERVICE: Dust all high reach areas. Wipe clean all baseboards. Extract carpets using an automatic extractor.

QUARTERLY SERVICE: Vacuum HVAC louvers.

RECEPTION/WAITING AREA—CARPET

DAILY SERVICE: Fully vacuum all carpets from wall to wall. Using approved spotter, spot clean carpeted area. Clean and polish all bright metal work. Dust all accessible horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Collect all trash and place in designated area. Vacuum walk-off mats in Waiting Area. Vacuum all carpeted traffic lane areas in Waiting Area.

WEEKLY SERVICE: Dust all low reach areas. Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas in Waiting Area. Clean both sides of all glass doors and side glass. Dust high and low areas (e.g., pictures, clocks, partition tops) in Waiting Area. Vacuum all furniture.

MONTHLY SERVICE: Dust all high reach areas. Vacuum HVAC louvers.

QUARTERLY SERVICE: Extract carpets using an automatic extractor in Waiting Area.

TWICE/YEAR SERVICE: Dust ceiling light lenses in Waiting Room. Extract carpets using an automatic extractor in Reception Area.

LOBBY—HARD SURFACE

DAILY SERVICE: Using a hard surface floor foot tool, and a hcpa filter vacuum all hard surface floor area. Clean and polish all bright metal work. Spot clean door glass and side glass. Dust all accessible horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Empty all trash containers check liners, change if soiled. (This will result in changing liners no less than weekly.) Collect all trash and place in designated area. Using a flat mop, mop all stains and spills.

WEEKLY SERVICE: Using a flat mop, damp mop entire area. Using a high speed floor machine spray buff all hard surface area. Clean both sides of all glass doors and side glass. Dust all low reach areas. Vacuum all furniture.

MONTHLY SERVICE: Dust all window blinds. Dust all high reach areas. Vacuum HVAC louvers.

EVERY OTHER MONTH SERVICE: Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

YEARLY SERVICE: Strip hard surface floor and recoat with three coats of floor polish. Wash all walls using machine.

LOBBY/RECEPTION—CARPET

DAILY SERVICE: Fully vacuum all carpets from wall to wall in Lobby. Using approved spotter, spot clean carpeted area. Clean and polish all bright metal work in Lobby. Clean information booth to include dusting, spot cleaning to remove visible soil, empty and remove trash and clean telephone in Lobby. Spot clean door glass and side glass. Dust all accessible horizontal surfaces in Lobby/Reception area. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Collect all trash and place in designated area.

WEEKLY SERVICE: Clean both sides of all glass doors and side glass. Dust all low reach areas. Vacuum all furniture.

MONTHLY SERVICE: Dust all high reach areas in Lobby/Reception area. Vacuum HVAC louvers.

TWICE/YEAR SERVICE: Extract carpets using an automatic extractor in Lobby/Reception area.

CORRIDORS—CARPET

DAILY SERVICE: Fully vacuum floors from wall to wall with battery powered wide vacuum. Using approved spotter, spot clean carpeted area. Clean and polish all drinking fountains.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

MONTHLY SERVICE: Dust all window blinds. Dust high and low areas (e.g., pictures, clocks, partition tops). Vacuum HVAC louvers.

QUARTERLY SERVICE: Extract carpets using an automatic extractor.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

CLASS ROOMS—CARPET

DAILY SERVICE: Using approved spotter, spot clean carpeted area. Empty all trash containers and remove trash to designated area. Clean dry-erase marker boards and trays when requested.

149/YR SERVICE: Spot vacuum to remove visible soil.

TWICE/WEEK SERVICE: Dust all accessible horizontal surfaces.

WEEKLY SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Vacuum all carpeted traffic lane areas. Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas.

MONTHLY SERVICE: Dust all low reach areas. Vacuum HVAC louvers.

QUARTERLY SERVICE: Dust all high reach areas.

CONFERENCE/TRAINING ROOMS—CARPET

DAILY SERVICE: Using approved spotter, spot clean carpeted area. Spot clean partition and door glass. Clean dry-erase marker boards and trays when requested. Dust all accessible horizontal surfaces. Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

TWICE/WEEK SERVICE: Spot vacuum to remove visible soil. Vacuum all carpeted traffic lane areas.

WEEKLY SERVICE: Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas in Conference Room. Fully vacuum all carpets from wall to wall in Training Room. Dust all low reach areas.

MONTHLY SERVICE: Clean all partition glass. Clean both sides of all glass doors and side glass in Conference Room. Dust all window blinds. Dust all high reach areas. Spot clean telephones and sanitize receivers. Vacuum HVAC louvers.

QUARTERLY SERVICE: Extract carpets using an automatic extractor.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

COMPUTER ROOMS—CARPET

DAILY SERVICE: Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area. Dust all furniture, fixtures, equipment and accessories. Using approved spotter, spot clean carpeted area.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

TWICE/WEEK SERVICE: Spot vacuum to remove visible soil. Vacuum all carpeted traffic lane areas.

WEEKLY SERVICE: Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas. Dust all chair and table legs and rungs, baseboards, ledges, moldings, and other low reach areas.

MONTHLY SERVICE: Dust all surfaces above normal reach including sills, ledges moldings, shelves, door frames, pictures and vents. Spot clean telephones and sanitize receivers. Vacuum HVAC louvers.

TWICE/YEAR SERVICE: Extract carpets using an automatic extractor.

YEARLY SERVICE: Dust ceiling light lenses.

COMPUTER ROOMS—RAISED TILE

DAILY SERVICE: Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area. Dust all furniture, fixtures, equipment and accessories. Spot clean all partition glass. Spot clean door glass and side glass. Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Using a flat mop, mop all stains and spills.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

WEEKLY SERVICE: Dust all chair and table legs and rungs, baseboards, ledges, moldings, and other low reach areas.

MONTHLY SERVICE: Dust all surfaces above normal reach including sills, ledges moldings, shelves, door frames, pictures and vents. Clean both sides of all glass doors and side glass. Clean all partition glass. Dust all window blinds. Spot clean telephones and sanitize receivers. Vacuum HVAC louvers.

QUARTERLY SERVICE: Dry buff all hard surface floors using a standard floor machine.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

YEARLY SERVICE: Raise all tiles in computer area in order to detail vacuum. Using tank vacuum or back pack, vacuum under computer floor panels.

COPY/FILE ROOMS—CARPET

DAILY SERVICE: Using approved spotter, spot clean carpeted area. Clean dry-erase marker boards and trays when requested. Dust all accessible horizontal surfaces. Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

TWICE/WEEK SERVICE: Spot vacuum to remove visible soil. Vacuum all carpeted traffic lane areas.

WEEKLY SERVICE: Using tank vacuum or back pack, vacuum corners edges and chairs then traffic vacuum all carpeted areas. Dust all low reach areas.

MONTHLY SERVICE: Dust all window blinds. Dust all high reach areas. Vacuum HVAC louvers.

TWICE/WEAR SERVICE: Extract carpets using an automatic extractor. Dust ceiling light lenses.

RESTROOMS/SHOWER—TILE

DAILY SERVICE: Refill dispensers, empty trash, clean and sanitize all restroom fixtures, wipe all counters, clean mirrors, wipe chrome, spot wipe partitions, vacuum and damp mop floors using a germicidal cleaner. Empty all sanitary waste receptacles. Place water in floor drains. Fully clean all showers.

MONTHLY SERVICE: Dust and clean all exhaust air vents. Wash all restroom partitions on both sides. Machine scrub all restroom floors using germicidal detergent.

YEARLY SERVICE: Machine wash all ceramic tile walls.

ELEVATOR LOBBY—CARPET

DAILY SERVICE: Fully vacuum floors from wall to wall with battery powered wide vacuum. Using approved spotter, spot clean carpeted area. Vacuum all elevator threshold plates to remove all debris.

THREE TIMES/WEEK SERVICE: Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

WEEKLY SERVICE: Dust all low reach areas. Polish threshold plates in front of each elevator entry.

MONTHLY SERVICE: Dust all high reach areas. Vacuum HVAC louvers.

EVERY OTHER MONTH SERVICE: Extract carpets using an automatic extractor.

ELEVATOR LOBBY—HARD SURFACE

DAILY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Clean and polish all bright metal work. Dust all accessible horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Collect all trash and place in designated area. Using a flat mop, mop all stains and spills.

WEEKLY SERVICE: Using a flat mop, damp mop entire area. Using a high speed floor machine spray buff all hard surface area. Dust all low reach areas.

MONTHLY SERVICE: Dust all high reach areas. Vacuum HVAC louvers. Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

YEARLY SERVICE: Strip hard surface floor and recoat with three coats of floor polish.

ELEVATORS—HARD SURFACE

DAILY SERVICE: Completely clean and damp mop hard floor elevator.

WEEKLY SERVICE: Spray buff hard surface elevator.

MONTHLY SERVICE: Machine scrub and recoat hard floor elevator.

JANITOR CLOSETS—HARD SURFACE

DAILY SERVICE: Clean and arrange all equipment in janitor closet each night and empty vacuum cleaner bags, check belts; sweep and spot mop floor.

SHIPPING & RECEIVING—CONCRETE

DAILY SERVICE: Using a hard surface floor foot tool, and a hepa filter, vacuum all hard surface floor area. Empty recyclable and regular trash containers; replace correct color liners in containers as necessary. Collect all trash and place in designated area. Using a flat mop, mop all stains and spills.

WEEKLY SERVICE: Machine scrub hard surface floor. Dust all accessible horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains.

MONTHLY SERVICE: Dust high and low areas (e.g., pictures, clocks, partition tops). Vacuum HVAC louvers.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

STAIRS—HARD SURFACE

DAILY SERVICE: Vacuum stairs, dust railings, ledges and spot clean.

WEEKLY SERVICE: Damp mop stairs, dust railings, ledges and spot clean.

STORAGE ROOMS—TILE

DAILY SERVICE: Empty all trash containers check liners, change if soiled. (This will result in changing liners no less than weekly.) Collect all trash and place in designated area.

MONTHLY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Using a flat mop, mop all stains and spills. Dust high and low areas (e.g., pictures, clocks, partition tops). Dust all accessible horizontal surfaces. Spot clean all horizontal and vertical surfaces removing dust, fingerprints, smudges and stains. Vacuum HVAC louvers.

QUARTERLY SERVICE: Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

TWICE/YEAR SERVICE: Dust ceiling light lenses.

YEARLY SERVICE: Strip hard surface floor and recoat with three coats of floor polish.

MECHANICAL/ELECTRICAL/TELEPHONE ROOMS—HARD SURFACE

MONTHLY SERVICE: Using a hard surface floor foot tool, and a hepa filter vacuum all hard surface floor area. Using a flat mop, mop all stains and spills.

QUARTERLY SERVICE: Machine scrub hard surface floor and apply one coat of polish, allow to dry, then buff.

AGENCY DISCLOSURE STATEMENT

The real estate agent who is providing you with this form is required to do so by Ohio law. You will not be bound to pay the agent or the agent's brokerage by merely signing this form. Instead, the purpose of this form is to confirm that you have been advised of the role of the agent**(s)** in the transaction proposed below. (For purposes of this form, the term "seller" includes a landlord and the term "buyer" includes a tenant.)

Property Address: 10300 Alliance Rd Suite 510
Buyer(s): Akebia Therapeutics, Inc.
Seller(s): Duke Realty Ohio

I. TRANSACTION INVOLVING TWO AGENTS IN TWO DIFFERENT BROKERAGES

The buyer will be represented by Peter Snow, *AGENT(S)* and Colliers. *BROKERAGE*

The seller will be represented by Todd Pease, *AGENT(S)* and Duke Realty Services, LLC. *BROKERAGE*

II. TRANSACTION INVOLVING TWO AGENTS IN THE SAME BROKERAGE

If two agents in the real estate brokerage _____ represent both the buyer and the seller, check the following relationship that will apply:

☐ Agent(s) _____ work(s) for the buyer and Agent(s) _____ work(s) for the seller. Unless personally involved in the transaction, the broker and managers will be "dual agents", which is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information.

☐ Every agent in the brokerage represents every "client" of the brokerage. Therefore, agents _____ and _____ will be working for both the buyer and seller as "dual agents". Dual agency is explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information. Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. *If such a relationship does exist, explain:*

_____.

III. TRANSACTION INVOLVING ONLY ONE REAL ESTATE AGENT

Agent(s) _____ and real estate brokerage _____ will

☐ be "dual agents" representing both parties in this transaction in a neutral capacity. Dual agency is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information. Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. *If such a relationship does exist, explain:* _____

_____.

☐ represent only the *(check one)* ☐ **seller** or ☐ **buyer** in this transaction as a client. The other party is not represented and agrees to represent his/her own best interest. Any information provided the agent may be disclosed to the agent's client.

CONSENT

I (we) consent to the above relationships as we enter into this real estate transaction. If there is a dual agency in this transaction, I (we) acknowledge reading the information regarding dual agency explained on the back of this form.

/s/ Joseph Gardner	9/28/09	/s/ Jon C. Burger	9/29/09
BUYER/TENANT	*DATE*	*SELLER/LANDLORD*	*DATE*
BUYER/TENANT	*DATE*	*SELLER/LANDLORD*	*DATE*

DUAL AGENCY

Ohio law permits a real estate agent and brokerage to represent both the seller and buyer in a real estate transaction as long as this is disclosed to both parties and they both agree. This is known as dual agency. As a dual agent, a real estate agent and brokerage represent two clients whose interests are, or at times could be, different or adverse. For this reason, the dual agent(s) may not be able to advocate on behalf of the client to the same extent the agent may have if the agent represented only one client.

As a dual agent, the agent(s) and brokerage shall:

- Treat both clients honestly;
- Disclose latent (not readily observable) material defects to the purchaser, if known by the agent(s) or brokerage;
- Provide information regarding lenders, inspectors and other professionals, if requested;
- Provide market information available from a property listing service or public records, if requested;
- Prepare and present all offers and counteroffers at the direction of the parties;
- Assist both parties in completing the steps necessary to fulfill the terms of any contract, if requested.

As a dual agent, the agent(s) and brokerage shall not:

- Disclose information that is confidential, or that would have an adverse effect on one party's position in the transaction, unless such disclosure is authorized by the client or required by law;
- Advocate or negotiate on behalf of either the buyer or seller;
- Suggest or recommend specific terms, including price, or disclose the terms or price a buyer is willing to offer or that a seller is willing to accept;
- Engage in conduct that is contrary to the instructions of either party and may not act in a biased manner on behalf of one party.

Compensation: Unless agreed otherwise, the brokerage will be compensated per the agency agreement.

Management Level Licensees: Generally the broker and managers in a brokerage also represent the interests of any buyer or seller represented by an agent affiliated with that brokerage. Therefore, if both buyer and seller are represented by agents in the same brokerage, the broker and manager are dual agents. There are two exceptions to this. The first is where the broker or manager is personally representing one of the parties. The second is where the broker or manager is selling or buying his own real estate. These exceptions only apply if there is another broker or manager to supervise the other agent involved in the transaction.

Responsibilities of the Parties: The duties of the agent and brokerage in a real estate transaction do not relieve the buyer and seller from the responsibility to protect their own interests. The buyer and seller are advised to carefully read all agreements to assure that they adequately express their understanding of the transaction. The agent and brokerage are qualified to advise on real estate matters. IF LEGAL OR TAX ADVICE IS DESIRED, YOU SHOULD CONSULT THE APPROPRIATE PROFESSIONAL.

Consent: By signing on the reverse side, you acknowledge that you have read and understand this form and are giving your voluntary, informed consent to the agency relationship disclosed. If you do not agree to the agent(s) and/or brokerage acting as a dual agent, you are not required to consent to this agreement and you may either request a separate agent in the brokerage to be appointed to represent your interests or you may terminate your agency relationship and obtain representation from another brokerage.

Any questions regarding the role or responsibilities of the brokerage or its agents should be directed to an attorney or to:

Ohio Department of Commerce
Division of Real Estate & Professional Licensing
77 S. High Street, 20th Floor
Columbus, OH 43215-6133
(614) 466-4100

EQUAL HOUSING OPPORTUNITY

Effective 01/01/05

CWP/LMS/ck
04/22/10

FIRST LEASE AMENDMENT

THIS FIRST LEASE AMENDMENT (the "Amendment") is executed this 23rd day of April, 2010, by and between DUKE REALTY OHIO, an Indiana general partnership ("Landlord"), and AKEBIA THERAPEUTICS, INC., a Delaware corporation ("Tenant").

W I T N E S S E T H :

WHEREAS, Landlord and Tenant entered into a certain lease dated September 29, 2009, (the "Lease"), whereby Tenant leased from Landlord certain premises consisting of approximately 6,083 rentable square feet of space (the "Original Premises") known as Suite 510 in an office building commonly known as Pfeiffer Place, located at 10300 Alliance Road, Cincinnati, Ohio 45242; and

WHEREAS, Landlord has exercised its right to relocate Tenant in accordance with Article 14 of the Lease; and

WHEREAS, Landlord and Tenant desire to expand and relocate the Original Premises to approximately 7,580 rentable square feet of space known as Suite 420 in an office building commonly known as The Landings of Blue Ash II, located at 9987 Carver Road, Cincinnati, Ohio 45242 (the "Relocation Space"); and

WHEREAS, Landlord and Tenant desire to amend certain provisions of the Lease to reflect such expansion, relocation, extension, changes and additions to the Lease.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and each act performed hereunder by the parties, Landlord and Tenant hereby agree that the Lease is amended as follows:

1. Incorporation of Recitals. The above recitals are hereby incorporated into this Amendment as if fully set forth herein.

2. Amendment of Section 1.01. Basic Lease Provisions and Definitions.

(a) Commencing (i) June 21, 2010; (ii) such later date upon which the Tenant Improvements described in **Exhibit B-2** hereof are Substantially Completed (as hereinafter defined); or (iii) such earlier date as Tenant begins conduct of its business in any part of the Relocation Space (the Relocation Date"), Section 1.01 of the Lease is hereby amended by incorporating **Exhibit A-2**, attached hereto and incorporated herein by reference, on which the Relocation Space is depicted in lieu of **Exhibit A** to the Lease, which is hereby deleted. Hereinafter, the Original Premises less the Relocation Space shall be referred to as the "Leased Premises".

(b) Commencing on the Relocation Date, Section 1.01 of the Lease is further amended by deleting subsections (a), (b), (c), (d), (e), (j) and (l) and substituting the following in lieu thereof:

"(a) Leased Premises (shown on **Exhibit A-2** attached hereto): Suite 420 of the Building commonly known as The Landings of Blue Ash, Building II (the "Building"), located at 9987 Carver Road, Cincinnati, Ohio 45242 within The Landings of Blue Ash Business Park (the "Park").

(b) Rentable Area: approximately 7,580 rentable square feet;

The Rentable Area includes the square footage within the Leased Premises plus a pro rata portion of the square footage of the common areas within the Building, as reasonably determined by Landlord.

(c) Tenant's Proportionate Share: 3.46%*.

* Tenant's Proportionate Share is calculated using the square footage of the Original Premises so that Tenant's costs hereunder shall not increase, in accordance with Article 14 of the Lease.

(d) Minimum Annual Rent***:

Relocation Date – Month 5	$ 0.00	(5 months)**
Months 6 – 11	$30,926.40	(6 months)
Months 12 – 23	$77,619.24	per year
Months 24 – 35	$79,590.00	per year
Months 36 – 47	$81,636.60	per year
Months 48 – 59	$83,683.20	per year.

(e) Monthly Rental Installments***:

Relocation Date – Month 5	$ 0.00	per month **
Months 6 – 11	$5,154.40	per month
Months 12 – 23	$6,468.27	per month
Months 24 – 35	$6,632.50	per month
Months 36 – 47	$6,803.05	per month
Months 48 – 59	$6,973.60	per month.

** During such period of free rent, Tenant shall pay the Annual Rental Adjustment and, if any, Additional Rent.

*** The rental rates set forth herein for the Leased Premises reflect the rental rates Tenant was paying for the Original Premises, less $0.25 per square foot per year, which Landlord represents is the difference in Operating Expenses at Pfeiffer Place (estimated to be $8.93 per square foot for 2010) and Operating Expenses at Landings II (estimated to be $9.18 per square foot for 2010).

(j) Broker: None representing Tenant.

(l) Address for payments and notices are as follows:

Landlord:	Duke Realty Ohio c/o Duke Realty Corporation Attn: Cincinnati Office Market, Vice President, Asset Management and Customer Service 4555 Lake Forest Drive, Suite 400 Cincinnati, OH 45242
With Rental Payments to:	Duke Realty Ohio 75 Remittance Drive, Suite 3205 Chicago, IL 60675-3205
Tenant:	Akebia Therapeutics, Inc. 9987 Carver Road, Suite 420 Cincinnati, OH 45242.

3. Amendment of Section 2.02. Construction of Tenant Finish Improvements. Section 2.02 of the Lease is hereby amended by incorporating the following:

"Tenant has personally inspected the Leased Premises and accepts the same "**AS IS**" without representation or warranty by Landlord of any kind and with the understanding that Landlord shall have no responsibility with respect thereto, except as otherwise set forth in the Lease, as amended from time to time, and except to perform and complete the work on the tenant finish improvements designated as Landlord's obligations in the attached **Exhibit** B-**2** (the "Tenant Improvements"). The Tenant Improvements shall be completed at Landlord's sole cost and expense, in accordance with Article 14 of the Lease and Tenant's relocation from the Original Premises to the Leased Premises shall otherwise be in accordance with Article 14 of the Lease."

4. Amendment of Section 3.06. Maximum Increase in Operating Expenses. Commencing on the Relocation Date, "2010" in the last sentence of Section 3.06 of the Lease is hereby deleted and "2011" shall be substituted in lieu thereof.

5. Amendment of Section 11.01. Assignment and Sublease. Section 11.01 (b) of the Lease is hereby amended by deleting "current tenant at the Building" in clause (iv) and by substituting "current tenant at the Park" in lieu thereof.

6. Amendment of Article 14. Landlord's Right to Relocate Tenant. Article 14 of the Lease is hereby amended by inserting "After June 20, 2012, subject to the lease of Citicorp North America, Inc.," at the beginning of such Article.

7. Incorporation of Section 16.21. Right of First Refusal. The following is hereby incorporated as Section 16.21 of the Lease.

"Section 16.21. Right of First Refusal.

(a) Provided that (i) no default has occurred and is then continuing, (ii) the creditworthiness of Tenant is then reasonably acceptable to Landlord, and (iii) Tenant originally named herein or a Permitted Transferee remains in possession of and has been continuously operating in the entire Leased Premises throughout the Lease Term, and subject to any rights of other tenants to the Refusal Space (as defined herein) and Landlord's right to renew or extend the lease term of any other tenant with respect to the portion of the Refusal Space now or hereafter leased by such other tenant, Tenant shall have a one-time right of first refusal ("Refusal Option") to lease additional space in on the fourth (4th) floor of the Building located contiguous to the Leased Premises ("Refusal Space"). Prior to entering into any lease that includes all or any portion of the Refusal Space, Landlord shall notify Tenant in writing ("Landlord's Notice") of Landlord's receipt of an arms-length offer to lease such space that Landlord is willing to accept from a bona fide third party offeror ("Bona Fide Offer") and setting forth the material terms of the Bona Fide Offer and such other terms as are herein provided. If the Bona Fide Offer includes space in the Building in addition to the Refusal Space, then the Refusal Space shall be deemed to include, and this Refusal Option shall be deemed to apply to, all of the space included in the Bona Fide Offer. Tenant shall have five (5) business days after Tenant receives Landlord's Notice in which to notify Landlord in writing of its election to lease the Refusal Space upon the terms set forth in Landlord's Notice. If Tenant declines to exercise this Refusal Option or fails to give such written notice within the time period required, Tenant shall be deemed to have waived this Refusal Option, and thereafter this Refusal Option shall be void and of no further force or effect, and Landlord shall be free to lease the Refusal Space to the bona fide offeror or any other third party. The Refusal Space shall be offered to Tenant at the rental rate and upon such other terms and conditions as are set forth in the Bona Fide Offer and herein.

(b) If Tenant shall exercise the Refusal Option, the parties shall enter into an amendment to this Lease adding the Refusal Space to the Leased Premises upon the terms and conditions set forth herein and making such other modifications to this Lease as are appropriate under the circumstances. If Tenant shall fail to enter into such amendment within ten (10) days following Tenant's exercise of the Refusal Option, then Landlord may terminate this Refusal Option, by notifying Tenant in writing, in which event this Refusal Option shall become void and of no further force or effect, and Landlord shall thereafter be free to lease the Refusal Space to the bona fide offeror or any other third party."

8. Surrender of Original Premises. Tenant hereby agrees to surrender the Original Premises to Landlord on or before the Relocation Date in accordance with the terms of Section 2.03 of the Lease. Provided Tenant surrenders the Original Premises as provided herein, Tenant's obligation to pay rent for the Original Premises shall terminate on the Relocation Date; provided that Tenant shall continue to be liable for rent obligations accruing prior to the Relocation Date. In the event, however, that Tenant fails to deliver the Original Premises to Landlord in accordance with this paragraph before the Relocation Date, in addition to any other rights and remedies that Landlord has under the Lease, Tenant shall pay rent for the Original Premises in accordance with Section 2.04 of the Lease until Tenant delivers the Original Premises to Landlord in accordance with this paragraph.

9. Contingency. The parties acknowledge and agree that this Amendment is contingent upon Landlord entering into an agreement with a third party to lease the Original Premises. In the event this contingency is not satisfied, upon written notice from Landlord, this Amendment shall be void and of no further force or effect, and the Lease shall continue in full force and effect. Landlord shall make

reasonable efforts and exercise due diligence to enter into such agreement and shall promptly notify Tenant if Landlord is unable to enter into such agreement. The contingency set forth in this Paragraph 9 shall be deemed satisfied unless Landlord notifies Tenant that it has waived such contingency on or before the Relocation Date.

10. Broker. Tenant represents and warrants that, except for Duke Realty Services, LLC representing Landlord, no other real estate broker or brokers were involved in the negotiation and execution of this Amendment. Tenant shall indemnify Landlord and hold it harmless from any and all liability for the breach of any such representation and warranty on its part and shall pay any compensation to any other broker or person who may be deemed or held to be entitled thereto.

11. Representations and Warranties.

(a) Tenant hereby represents and warrants that (i) Tenant is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Tenant is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Amendment on behalf of Tenant has been properly authorized to do so, and such execution and delivery shall bind Tenant to its terms.

(b) Landlord hereby represents and warrants that (i) Landlord is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Landlord is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Amendment on behalf of Landlord has been properly authorized to do so, and such execution and delivery shall bind Landlord to its terms.

12. Examination of Amendment. Submission of this instrument for examination or signature to Tenant does not constitute a reservation or option, and it is not effective until execution by and delivery to both Landlord and Tenant.

13. Definitions. Except as otherwise provided herein, the capitalized terms used in this Amendment shall have the definitions set forth in the Lease.

14. Incorporation. This Amendment shall be incorporated into and made a part of the Lease, and all provisions of the Lease not expressly modified or amended hereby shall remain in full force and effect.

15. Landlord's Obligations. Nothing in this Amendment shall relieve Landlord of its obligations pursuant to Article 14 of the Lease. Landlord shall pay for all reasonable third party expenses incurred in connection with, and caused by, such relocation (including, but not limited to, moving expenses, reasonable supplies of stationery, business cards and other similar "address-sensitive" supplies, all build-out costs, and costs to set up work equipment and areas) (collectively, the "Relocation Costs") and to relocate Tenant at such time as to reasonably minimize any business disruption to Tenant, including moving over weekends as necessary. The parties hereby acknowledge and agree that Landlord has contracted with a third party relocation company known as Relocation Strategies to complete Tenant's relocation from the Original Premises to the Relocation Space.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on the day and year first written above.

LANDLORD:

DUKE REALTY OHIO,
an Indiana general partnership

By: Duke Realty Limited Partnership, a general partner

By: Duke Realty Corporation,
its general partner

By: /s/ Jon C. Burger
Jon C. Burger
Senior Vice President
Cincinnati Group

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Jon C. Burger, by me known and by me known to be the Senior Vice President, Cincinnati Group of Duke Realty Corporation, an Indiana corporation, the general partner of Duke Realty Limited Partnership, a general partner of Duke Realty Ohio, an Indiana general partnership, who acknowledged the execution of the foregoing "First Lease Amendment" on behalf of said partnership.

WITNESS my hand and Notarial Seal this 23rd day of April, 2010.

Rose Andriacco
Notary Public, State of Ohio

My Commission Expires March 8, 2015

/s/ Rose Andriacco
Notary Public

(Printed Signature)

My Commission Expires:
My County of Residence: Clermont

(SIGNATURES CONTINUED ON FOLLOWING PAGE)

TENANT:

AKEBIA THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Joseph Gardner
Printed: Joseph Gardner
Title: President & CEO

STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

Before me, a Notary Public in and for said County and State, personally appeared Joseph Gardner, by me known and by me known to be the President & CEO of Akebia Therapeutics, Inc., a Delaware corporation, who acknowledged the execution of the foregoing "First Lease Amendment" on behalf of said corporation.

WITNESS my hand and Notarial Seal this 23rd day of April, 2010.

/s/ Kim A. Knuckey
Notary Public
Kim A. Knuckey
(Printed Signature)

KIM A. KNUCKEY
Notary Public, State of Ohio
My Commission Expires 10-18-10

My Commission Expires: 10/18/10
My County of Residence: Clark

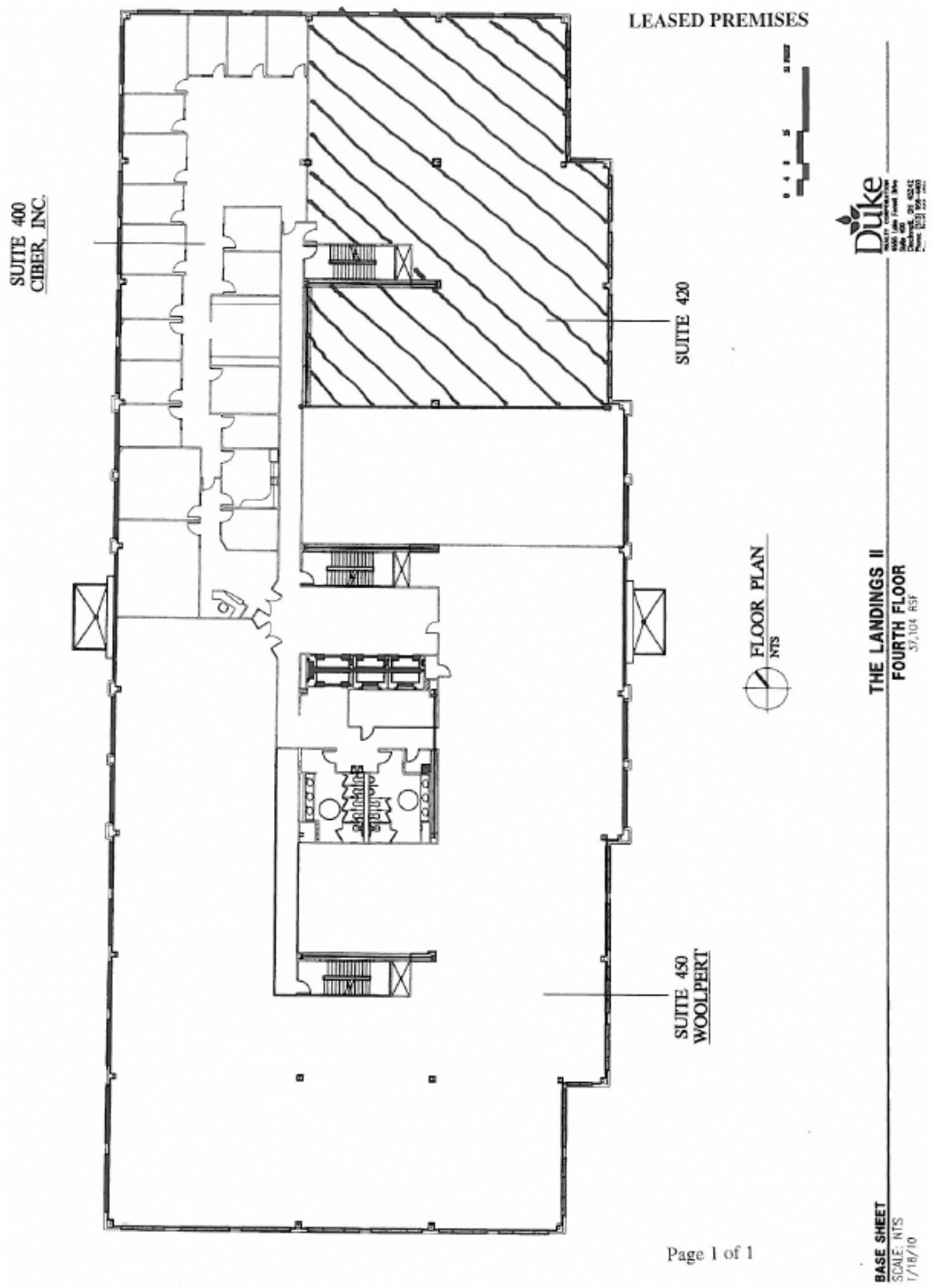

LEASED PREMISES
SUITE 400
CIBER, INC.
SUITE 420
SUITE 450
WOOLPERT
FLOOR PLAN
NTS
Duke
THE LANDINGS II
FOURTH FLOOR
37,104 RSF
BASE SHEET
SCALE: NTS
1/18/10

EXHIBIT B-2

TENANT IMPROVEMENTS

1. Landlord's Obligations. Tenant has personally inspected the Leased Premises and accepts the same **"AS IS"** without representation or warranty by Landlord of any kind except as otherwise set forth in the Lease, as amended from time to time, and with the understanding that Landlord shall have no responsibility with respect thereto except to construct and install within the Leased Premises, in a good and workmanlike manner, the Tenant Improvements, based on the space plan attached hereto as **Exhibit B-3** and made a part hereof.

2. Letter of Understanding. Promptly following Landlord's completion of the work on the Tenant Improvements, Tenant shall execute Landlord's Letter of Understanding in substantially the form attached hereto as **Exhibit** C-l and made a part hereof, acknowledging, among other things, that, except for any punchlist items, Tenant has accepted the Leased Premises. If Tenant takes possession of and occupies the Leased Premises, then, subject to Section 1 above, Tenant shall be deemed to have accepted the Leased Premises and that the condition of the Leased Premises and the Building was at the time satisfactory and in conformity with the provisions of this Lease in all respects, subject to any punchlist items and the warranty provided in Paragraph 5 below.

3. Schedule. Landlord shall provide Tenant with a proposed schedule for the construction and installation of the Tenant Improvements and shall notify Tenant of any material changes to said schedule. Tenant agrees to coordinate with Landlord regarding the installation of Tenant's phone and data wiring and any other trade related fixtures that will need to be installed in the Leased Premises prior to Landlord's completion of the work on the Tenant Improvements. In addition, if and to the extent permitted by applicable laws, rules and ordinances, Tenant shall have the right to enter the Leased Premises prior to Landlord's completion of the work on the Tenant Improvements in order to install fixtures and otherwise prepare the Leased Premises for occupancy, which right shall expressly exclude making any structural modifications. During any entry prior to Landlord's completion of the work on the Tenant Improvements (a) Tenant shall comply with all terms and conditions of this Lease, (b) Tenant shall not interfere with Landlord's completion of the Tenant Improvements, (c) Tenant shall cause its personnel and contractors to comply with the reasonable terms and conditions of Landlord's rules of conduct (which Landlord agrees to furnish to Tenant upon request), and (d) Tenant shall not begin operation of its business in the Leased Premises. Tenant acknowledges that Tenant shall be responsible for obtaining all applicable permits and inspections relating to any such entry by Tenant.

4. Warranty. Landlord warrants, for a period of one (1) year after the Relocation Date, that the Tenant Improvements shall be completed in a good and workmanlike manner in accordance with the space plan and scope of work and all applicable legal requirements. Landlord, at its sole costs and expense shall correct any defective or nonconforming condition of which Tenant gives Landlord written notice prior to the expiration of such one (1) year period

5. Punchlist Items. All punchlist items identified by Landlord and Tenant pursuant to Paragraph 7 shall be completed within thirty (30) days after the joint inspection described in Paragraph 7 or such shorter period as Landlord and Tenant may agree upon in writing.

6. Tenant Delay. Notwithstanding anything to the contrary contained in the Lease, if Substantial Completion (as hereinafter defined) of the Tenant Improvements is delayed as a result of Tenant Delay (as hereinafter defined), then, for purposes of determining the Relocation Date,

Substantial Completion of the Tenant Improvements shall be deemed to have occurred on the date that Substantial Completion of the Tenant Improvements would have occurred but for such Tenant Delay. Without limiting the foregoing, Landlord shall use commercially reasonable speed and diligence to Substantially Complete the Tenant Improvements on or before June 21, 2010.

7. Definitions. For purposes of this Amendment (a) "Substantial Completion" (or any grammatical variation thereof) shall mean (i) completion of construction of the Tenant Improvements, subject only to punchlist items to be identified by Landlord and Tenant in a joint inspection of the Leased Premises prior to Tenant's occupancy, the existence and completion of which will not materially adversely affect Tenant's occupancy of the Leased Premises, and (ii) a certificate of occupancy for the Leased Premises or other similar authorization issued by the appropriate governmental authority, if required, and (b) "Tenant Delay" shall mean any delay in the completion of the Tenant Improvements attributable to Tenant, including, without limitation (i) Tenant's failure to meet any time deadlines specified herein, (ii) the performance of any other work in the Leased Premises by any person, firm or corporation employed by or on behalf of Tenant, or any failure to complete or delay in completion of such work, (iii) Landlord's inability to obtain an occupancy permit for the Leased Premises because of the need for completion of all or a portion of improvements being installed in the Leased Premises directly by Tenant, and (iv) any other act or omission of Tenant.

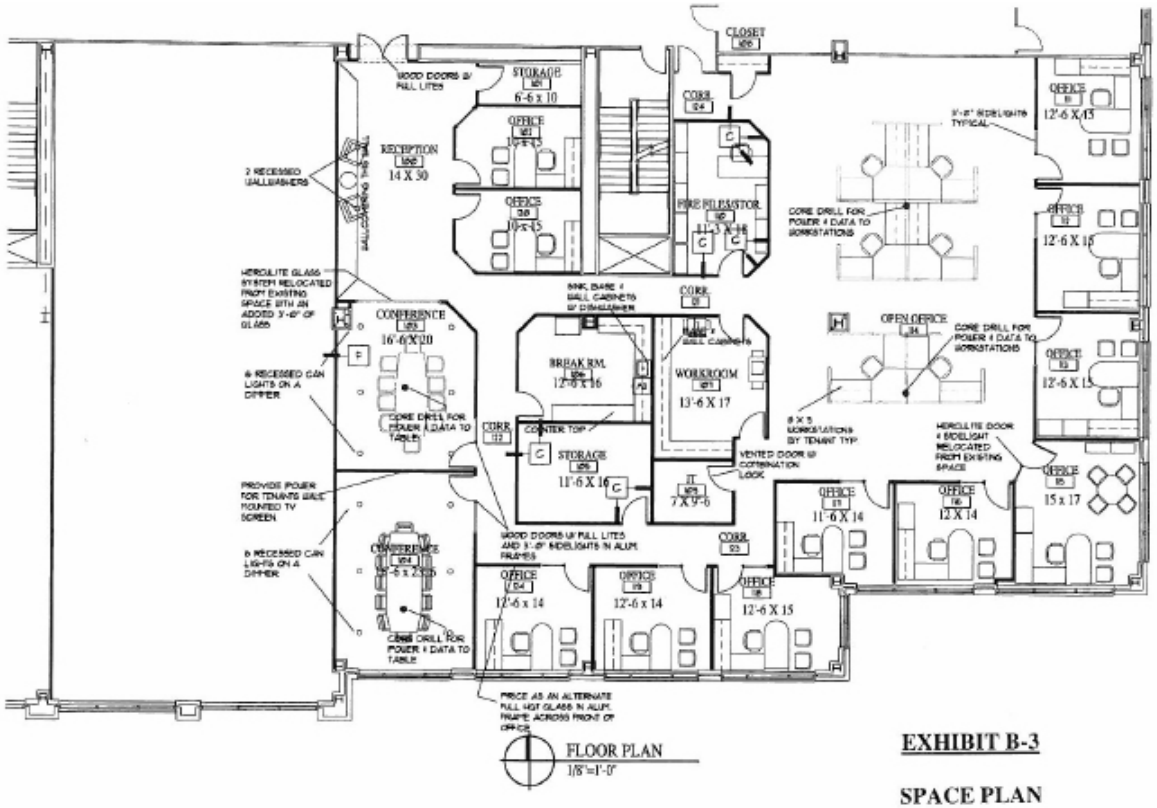


EXHIBIT B-3

SPACE PLAN

ISSUED	REVISED
03/09/10 DKW PLAN 1	03/11/10 DKW PLAN 2
	03/15/10 DKW rev 1
	03/23/10 DKW rev 2
	04/05/10 DKW rev 3
	04/07/10 DKW rev 4

NOTES

1. ALL WORK SHALL BE EXECUTED IN ACCORDANCE WITH THE DUKE CONSTRUCTION INTERIOR FINISH MASTER SPECIFICATIONS, WITH ISSUE DATE OF OCTOBER X, XXXX.
2. ALL PARTITIONS ARE WALL TYPE "A" UNLESS OTHERWISE NOTED.
3. ALL FURNITURE, EQUIPMENT AND APPLIANCES BY TENANT
4. ALL DOORS ARE NEW IN THE TENANT SPACE.
5. WALLS TO BE PAINTED 2 COATS OF LATEX THROUGHOUT.
6. NEW BUILDING STANDARD CARPET & BASE THROUGHOUT
7. IT WILL BE THE RESPONSIBILITY OF THE TENANT TO MOVE ALL FURNITURE, PERSONAL ITEMS, COMPUTER AND ELECTRONIC EQUIPMENT.
8. PRICE AS AN ALTERNATE, TAKING WALLS BETWEEN OFFICES & CONFERENCE ROOMS UP 6" ABOVE THE CLG. WITH 3'-0" EACH SIDE OF WALL SAB. OVER THE CLG.

WALL LEGEND

INDICATES CONSTRUCTION TO BE REMOVED

INDICATES NEW CONSTRUCTION

INDICATES EXISTING CONSTRUCTION TO BE LEFT UNDISTURBED

C SMOKE TIGHT WALL

P NON RATED TENANT DEMISING WALL TO 5'-0" HIGH

INDICATES DOORS INTENDED TO BE A MEANS OF EGRESS

KEY PLAN
NTS

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
SPACE HAS NOT BEEN FIELD VERIFIED BY CASLER DESIGN GROUP

CASLER DESIGN GROUP, INC.
Architecture - Planning - Interior Design
10825 Indian Creek Drive - Cincinnati, Ohio 45241
(Phone) 513.791.6464 - (Fax) 513.792.7488

AKEBIA THERAPEUTICS, INC.
4TH FLOOR THE LANDINGS 2
7,580 RSF

Duke REALTY CORPORATION

EXHIBIT B-3

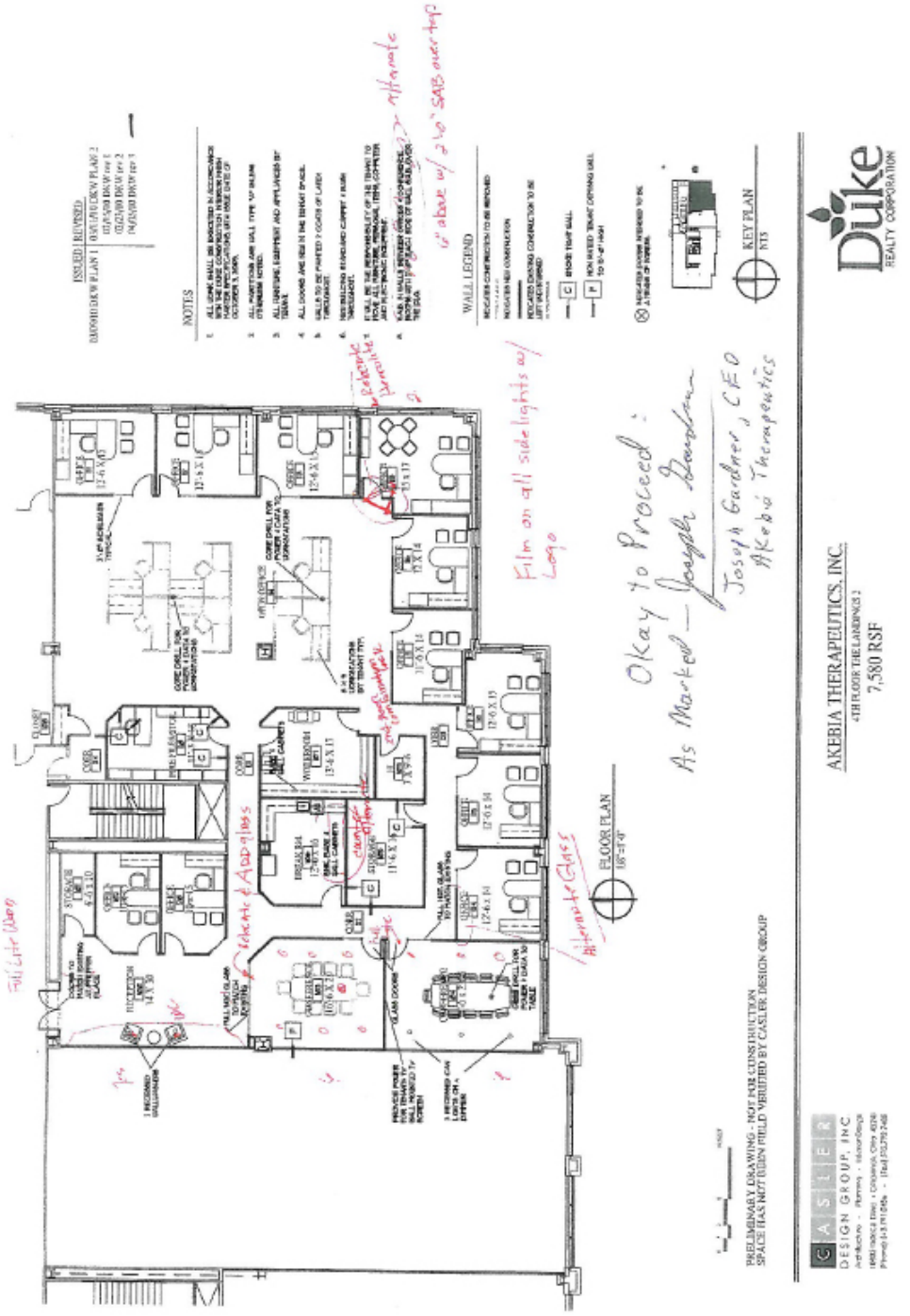

AKEBIA THERAPEUTICS, INC.
4TH FLOOR TIBURON 3
7,580 RSF
FLOOR PLAN
KEY PLAN
WALL LEGEND
NOTES
ISSUED | REVISED
Duke
REALTY CORPORATION
CASLER
DESIGN GROUP, INC
PRELIMINARY DRAWING - NOT FOR CONSTRUCTION
SPACE HAS NOT BEEN FIELD VERIFIED BY CASLER DESIGN GROUP

EXHIBIT C-1

LETTER OF UNDERSTANDING

Duke Realty Ohio
Attention: Vice President, Asset Management
and Customer Service
4555 Lake Forest Drive, Suite 400
Cincinnati, OH 45242

RE: Lease Agreement between Duke Realty Ohio, an Indiana general partnership ("Landlord") and _____ ("Tenant") for the Leased Premises located at _____ , _____, _____ (the "Leased Premises"), within _____ (the "Park"), dated _____, 200 __ (the "Lease").

Dear _____:

The undersigned, on behalf of Tenant, certifies to Landlord as follows:

1. The Relocation Date is _____.

2. The rent commencement date with respect to the Relocation Space is _____.

3. The expiration date of the Lease is _____.

4. The Lease (including amendments or guaranty, if any) is the entire agreement between Landlord and Tenant as to the leasing of the Leased Premises and is in full force and effect.

5. The Landlord has completed the improvements designated as Landlord's obligation under the Lease (excluding punchlist items as agreed upon by Landlord and Tenant), if any, and Tenant has accepted the Leased Premises as of the Relocation Date, subject to Landlord's warranty as set forth in **Exhibit B-2** of the First Lease Amendment.

6. To the best of the undersigned's knowledge, there are no uncured events of default by either Tenant or Landlord under the Lease.

IN WITNESS WHEREOF, the undersigned has caused this Letter of Understanding to be executed this ____ day of _____, 2010.

EXHIBIT: NOT FOR EXECUTION

CWP/LMS/dj
04/17/12

SECOND LEASE AMENDMENT AND
ASSIGNMENT AND ASSUMPTION OF LEASE

THIS SECOND LEASE AMENDMENT AND ASSIGNMENT AND ASSUMPTION OF LEASE (the "Amendment") is executed this 25th day of April 2012, by and between DP LANDINGS BUILDING II, LLC, a Delaware limited liability company ("Landlord"), and AERPIO THERAPEUTICS, INC., a Delaware corporation ("Tenant") and, solely with respect to paragraph 2 hereof, AKEBIA THERAPEUTICS, INC., a Delaware corporation ("Akebia").

W I T N E S S E T H:

WHEREAS, Duke Realty Ohio, as predecessor in interest to Landlord, and Akebia entered into a certain lease dated September 29, 2009, as amended April 23, 2010 (collectively, the "Lease"), whereby Akebia leased from Landlord certain premises consisting of approximately 7,580 rentable square feet of space (the "Leased Premises") known as Suite 420 in an office building commonly known as The Landings at Blue Ash II, located at 9987 Carver Road, Cincinnati, Ohio 45242; and

WHEREAS, Akebia desires to assign to Tenant all of Akebia's right, title and interest in and to the Lease; and

WHEREAS, Tenant desires to assume and agree to be bound by all of the rights and obligations of Akebia under the Lease; and

WHEREAS, for and in consideration of Landlord's consent to such assignment, Tenant has agreed to provide Landlord with an additional security deposit under the Lease; and

WHEREAS, Landlord and Tenant desire to amend certain provisions of the Lease to reflect such assignment, additional security deposit, changes and additions to the Lease.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and each act performed hereunder by the parties, Landlord and Tenant hereby agree that the Lease is amended as follows:

1. Incorporation of Recitals. The above recitals are hereby incorporated into this Amendment as if fully set forth herein.

2. Assignment and Assumption of Lease.

(a) Akebia hereby assigns all of its right, title and interest in and to the Lease to Tenant, and Tenant hereby accepts the assignment and assumption of the Lease and hereby assumes and agrees to be bound by all of the rights and obligations of Akebia as tenant under the Lease and acknowledges that all provisions of the Lease remain in full force and effect. Tenant agrees to indemnify, defend and hold Akebia harmless from and against any and all liabilities, claims, demands, damages and causes of action that may now or hereafter be made or asserted against Akebia arising out of or related to the Lease, and arising or accruing prior to or on the date of this Amendment.

(b) Akebia hereby acknowledges that the assignment and assumption of the Lease releases it from its liability under the terms and obligations of the Lease and Akebia shall no longer be liable thereunder.

(c) The assignment and assumption of the Lease shall not be construed to modify, waive, impair or affect any of the terms, provisions or conditions of the Lease except as expressly set forth herein.

(d) The assignment and assumption of the Lease shall not constitute a consent to any further assignment of the Lease or subletting of the premises demised thereby.

(e) Landlord hereby consents to the assignment of the Lease as set forth above and acknowledges and agrees that such assignment releases any liability of Akebia under the terms and obligations of the Lease.

(f) Landlord's consent and acceptance of the foregoing assignment and assumption of the Lease shall not constitute a consent by Landlord to any further subletting or assignments or subletting of the entire or any portion of the Leased Premises.

3. Amendment of Section 1.01. Basic Lease Provisions and Definitions. Commencing upon execution of this Amendment by both parties, Section 1.01 of the Lease is hereby amended by deleting subsections (i) and (1) and substituting the following in lieu thereof:

(i) Security Deposit: $50,000.00, of which $20,000.00 is already being held by Landlord and $30,000.00 shall be deposited by Tenant with Landlord upon execution of this Amendment by Tenant. Akebia hereby acknowledges and agrees that the $20,000 deposited with Landlord by Akebia is hereby transferred to Tenant.

(1) Address for payments and notices are as follows:

Landlord:	DP Landings Building II, LLC Attn: Cincinnati Office Market, Vice President, Asset Management and Customer Service 4555 Lake Forest Drive, Suite 400 Cincinnati, OH 45242
With Payments to:	Duke/Princeton, LLC on behalf of DP Landings Building II, LLC c/o Duke Realty Corporation Attn: Accounts Receivable 600 E. 96th Street, Suite 100 Indianapolis, IN 46240
Tenant:	Aerpio Therapeutics, Inc. 9987 Carver Road, Suite 420 Cincinnati, OH 45242;"

4. Amendment of Article 4. Security Deposit. The following is hereby added to Article 4 of the Lease:

"Notwithstanding anything contained herein to the contrary, provided there has been no Default by Tenant, if at any time during the Lease Term Tenant provides Landlord with written evidence reasonably acceptable to Landlord that Tenant has raised a minimum of additional $10,000,000.00 in equity, Landlord will return $30,000.00 of the Security Deposit to Tenant within thirty (30) days of Landlord's verification of such additional equity."

5. Broker. Tenant represents and warrants that, except for Duke Realty Services, LLC representing Landlord, no other real estate broker or brokers were involved in the negotiation and execution of this Amendment. Tenant shall indemnify Landlord and hold it harmless from any and all liability for the breach of any such representation and warranty on its part and shall pay any compensation to any other broker or person who may be deemed or held to be entitled thereto.

6. Representations and Warranties.

(a) Tenant hereby represents and warrants that (i) Tenant is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Tenant is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Amendment on behalf of Tenant has been properly authorized to do so, and such execution and delivery shall bind Tenant to its terms.

(b) Landlord hereby represents and warrants that (i) Landlord is duly organized, validly existing and in good standing (if applicable) in accordance with the laws of the State under which it was organized; (ii) Landlord is authorized to do business in the State where the Building is located; and (iii) the individual(s) executing and delivering this Amendment on behalf of Landlord has been properly authorized to do so, and such execution and delivery shall bind Landlord to its terms.

7. Examination of Amendment. Submission of this instrument for examination or signature to Tenant does not constitute a reservation or option, and it is not effective until execution by and delivery to both Landlord and Tenant.

8. Definitions. Except as otherwise provided herein, the capitalized terms used in this Amendment shall have the definitions set forth in the Lease.

9. Incorporation. This Amendment shall be incorporated into and made a part of the Lease, and all provisions of the Lease not expressly modified or amended hereby shall remain in full force and effect.

[SIGNATURES CONTAINED ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on the day and year first written above.

LANDLORD:

DP LANDINGS BUILDING II, LLC,
a Delaware limited liability company

By: Duke Princeton, LLC, a Delaware limited liability company, its sole member

By: Duke/Hulfish, LLC, a Delaware limited liability company, its sole member

By: Duke Realty Limited Partnership, an Indiana limited partnership, its managing member

By: Duke Realty Corporation, an Indiana corporation, its general partner

Dated: April 25, 2012

By: /s/ Jon C. Burger
Jon C. Burger
Senior Vice President
Cincinnati Group

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Jon C. Burger, by me known and by me known to be the Senior Vice President, Cincinnati Group of Duke Realty Corporation, an Indiana corporation, the general partner of Duke Realty Limited Partnership, the managing member of Duke/Hulfish, LLC, a Delaware limited liability company, the sole member of Duke Princeton, LLC, a Delaware limited liability company, the sole member of DP Landings Building II, LLC, a Delaware limited liability company, who acknowledged the execution of the foregoing "Second Lease Amendment and Assignment and Assumption of Lease" on behalf of said limited liability company.

WITNESS my hand and Notarial Seal this 25th day of April, 2012.

Rose Andriacco
Notary Public, State of Ohio

My Commission Expires March 8, 2015

/s/ Rose Andriacco

Notary Public

Printed Signature

My Commission Expires:
My County of Residence: Clermont

TENANT:

AERPIO THERAPEUTICS, INC.,
a Delaware corporation

Dated: 4/24/2012

By: /s/ Ian A.W. Howes
Printed: IAN A.W. HOWES
Title: CHIEF FINANCIAL OFFICER

STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

Before me, a Notary Public in and for said County and State, personally appeared Ian A.W. Howes, by me known and by me known to be the Chief Financial Officer of Aerpio Therapeutics, Inc., a Delaware corporation, who acknowledged the execution of the foregoing "Second Lease Amendment and Assignment and Assumption of Lease" on behalf of said corporation.

WITNESS my hand and Notarial Seal this 24th day of April, 2012.

Heather N. Behler
Notary Public, State of Ohio

My Commission Expires 5/20/2015

/s/ Heather N. Behler
Notary Public

/s/ Heather N. Behler

Printed Signature

My Commission Expires: 05/20/2015
My County of Residence: Butler

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

AKEBIA:

AKEBIA THERAPEUTICS, INC.,
a Delaware corporation

Dated: 4/24/2012

By: /s/ Kevin Peters
Printed: Kevin Peters
Title: CSO & VP R&D

STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

Before me, a Notary Public in and for said County and State, personally appeared Kevin Peters, by me known and by me known to be the CSO & VP R&D of Akebia Therapeutics, Inc., a Delaware corporation, who acknowledged the execution of the foregoing "Second Lease Amendment and Assignment and Assumption of Lease" on behalf of said corporation.

WITNESS my hand and Notarial Seal this 24th day of April, 2012.

Heather N. Behler

Notary Public, State of Ohio

My Commission Expires 5/20/2015

/s/ Heather N. Behler
Notary Public

/s/ Heather N. Behler
Printed Signature

My Commission Expires: 05/20/2015
My County of Residence: Butler

THIRD AMENDMENT TO OFFICE LEASE

THIS THIRD AMENDMENT TO OFFICE LEASE (this "**Third Amendment**") is entered into as of the 27 day of February, 2015 (the "**Third Amendment Effective Date**"), by and between **RT LANDINGS BUILDING II, LLC,** a Delaware limited liability company, formerly known as DP Landings Building II, LLC ("**Landlord**"), and **AERPIO THERAPEUTICS, INC.,** a Delaware corporation ("**Tenant**").

BACKGROUND:

A. Landlord's predecessor-in-interest, Duke Realty Ohio, an Indiana general partnership, and Tenant's predecessor-in-interest, Akebia Therapeutics, Inc., a Delaware corporation, entered into that certain Office Lease dated September 29, 2009 (as amended by that certain First Lease Amendment dated April 23, 2010 and that certain Second Lease Amendment and Assignment and Assumption of Lease dated April 25, 2012, collectively, the "**Lease**"), for the lease of approximately seven thousand five hundred eighty (7,580) rentable square feet of space commonly known as Suite 420 (the "**Leased Premises**") in the office building commonly known as The Landings of Blue Ash, Building II located at 9987 Carver Road, Cincinnati Ohio 45242, all as more particularly described in the Lease.

B. Landlord and Tenant desire to enter into this Third Amendment to modify various provisions of the Lease.

C. The defined terms used in this Third Amendment, as indicated by the initial capitalization thereof, shall have the same meaning ascribed to such terms in the Lease, unless otherwise specifically defined herein.

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars ($10.00) and of the mutual covenants, agreements and undertakings herein set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Incorporation and Definitions. The recitals and exhibits of this Third Amendment are incorporated herein by this reference. Capitalized terms used but not defined in this Third Amendment shall have the meanings ascribed to them in the Lease.

2. Lease Term. The Lease Term is hereby extended until June 30, 2018, unless sooner terminated as provided in the Lease**.**

3. Rent.

(a) Minimum Annual Rent. During that period between May 22, 2015 and June 30, 2018, the Minimum Annual Rent payable by Tenant shall be as follows:

Lease Period	Minimum Annual Rent Per Rentable Square Foot of the Leased Premises Per Annum	Monthly Rental Installments	Minimum Annual Rent for Lease Period
5/22/15 - 5 /31/16	$ 13.25	$ 8,369.58	$ 100,438.20
6/1/16 - 5/31/17	$ 13.58	$ 8,578.03	$ 102,936.36
6/1/17 - 5/31/18	$ 13.92	$ 8,792.80	$ 105,513.60
6/1/18 - 6/30/18	$ 14.27	$ 9,013.88	$ 108,166.60

If applicable:

Lease Period	Minimum Annual Rent Per Rentable Square Foot of the Leased Premises Per Annum	Monthly Rental Installments	Minimum Annual Rent for Lease Period
7/1/18 - 6/30/19	$ 14.27	$ 9,013.88	$108,166.60
7/1/19 - 6/30/20	$ 14.63	$ 9,241.28	$110,895.36
7/1/20 - 6/30/21	$ 15.00	$ 9,475.00	$113,700.00

The parties hereby acknowledge that Landlord has waived its right to receive one Monthly Rental Installment of $8,369.59 for the period commencing on May 22, 2015 and expiring as of the June 21, 2015.

(b) Additional Rent. The parties acknowledge and agree that Tenant's Proportionate Share has been four and thirty three hundredths percent (4.33%) since the Relocation Date notwithstanding anything in the Lease to the contrary. Except as expressly set forth herein, Tenant shall continue to pay Additional Rent and other amounts due under the Lease as set forth therein.

4. Renewal Option.

(a) Provided (i) no Tenant default has occurred and is continuing hereunder, beyond any applicable notice and cure periods (ii) Tenant has not assigned this Lease nor sublet all or any portion of the Leased Premises, (iii) Tenant is occupying the Leased Premises in accordance with the terms of this Lease, and (iv) Tenant has not exercised its expansion right provided in Section 6 herein, Tenant shall have the right to extend the Lease Term for one (1) additional term of three (3) years on all of the same terms and conditions as the initial Lease Term (the "**Extension Term**"), except that Monthly Rental Installments applicable to the Extension Term shall be as set forth in the table in Section 3(a) herein. Tenant shall provide Landlord with at least nine (9) months prior written notice of its intention to extend the Lease Term.

(b) The leasing of the Leased Premises by Landlord to Tenant for the Extension Term shall be upon and subject to all of the terms, provisions and conditions of this Lease, except that (i) the extension rights granted by this section shall not apply to the Extension Term, so that in no event shall Tenant have the right to renew and extend this Lease beyond the number of extension terms specified above; (ii) the Monthly Rental Installments payable during the Extension Term shall be as set forth in the table in Section 3(a) herein; (iii) Tenant shall accept the Leased Premises in its then "AS-IS" condition; (iv) the defined term "Lease Term" shall be deemed to include the Extension Term when and if it becomes effective in accordance with this section; and (v) no period of reduced or abated rent or other rent concessions shall apply. Once Tenant shall exercise any extension option in accordance with the terms and conditions of this section, the subject Extension Term shall become effective as provided herein automatically and without the necessity of further documentation; but nevertheless, with respect to the Extension Term, at Landlord's request, Landlord and Tenant shall promptly execute an amendment to this Lease in form and substance acceptable to both of them, reflecting the leasing of the Leased Premises for the Extension Term in accordance with this section. There shall be no extension rights except as set forth in this section.

5. Right of First Refusal. For purposes of clarity, the Refusal Space subject to Tenant's Right of First Refusal in Section 16.21 of the Lease shall hereafter mean solely that certain 3,095 square feet of contiguous space commonly known as Suite 430 in the Building and as shown on **Exhibit A**.

6. Expansion Right. Provided (i) no Tenant default has occurred and is continuing hereunder, beyond any applicable notice and cure periods (ii) Tenant has not assigned this Lease nor sublet all or any portion of the Leased Premises, (iii) Tenant is occupying the Leased Premises in accordance with the terms of this Lease, (iv) the Refusal Space is then unoccupied and not subject to the terms of a lease and (v) Tenant has not waived its right to the Refusal Space, which it shall be deemed to have waived by waiving Tenant's Right of First Refusal as provided in Section 16.21 of the Lease, Tenant shall have the right to expand the Leased Premises to include the Refusal Space at any time after May 22, 2015. In the event Tenant desires to lease the Refusal Space pursuant to this Section 6, Tenant must deliver five (5) months prior written notice to Landlord of its desire to lease the Refusal Space. In such event, Landlord and Tenant shall enter into a lease amendment which shall contain the following terms: (a) the Leased Premises shall be expanded to include the Refusal Space; (b) the Lease Term shall be extended such that the Lease Term shall expire on the last day of the month following five (5) years from the rent commencement date for the Refusal Space; (c) Tenant's Proportionate Share shall be increased to six and one tenth percent (6.10%); (d) the rent for the Refusal Space shall be the same rent per square foot as it then is for the Leased Premises and shall increase annually by two and one half percent (2.5%) consistent with the scheduled dates for rent escalations as provided herein; (e) the rent commencement date for the Refusal Space shall be five (5) months following execution of the amendment for the Refusal Space; (f) Landlord shall deliver the Refusal Space to Tenant in its as is where is condition; and (g) Landlord shall provide Tenant with a tenant improvement allowance equal to $30.00 per rentable square foot of Refusal Space, and such tenant improvement allowance shall be paid to Tenant consistent with **Exhibit A** attached hereto. In the event that Tenant exercises its expansion right provided in this Section 6, Tenant shall be deemed to have waived its renewal option provided in Section 4 herein.

7. Tenant Improvements. Tenant intends to construct and install interior improvements to the Leased Premises after the date hereof. All such work shall be conducted pursuant to the terms of the Lease and the work letter attached as **Exhibit** B of this Third Amendment.

8. Counterparts. This Third Amendment may be executed in two or more counterparts. Furthermore, the parties agree that (i) this Third Amendment may be transmitted between them by electronic mail and (ii) electronic signatures shall have the effect of original signatures relative to this Third Amendment.

9. OFAC Compliance. Tenant hereby certifies and represents that Tenant is (i) not currently identified on the Specially Designed Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "**List**"), (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, and (iii) not an "Embargoed Person" (as defined below). To Tenant's actual knowledge, none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by an Embargoed Person, and to Tenant's actual knowledge, no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly). The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder. Tenant further acknowledges its obligation to remain in compliance with existing and future regulations promulgated by OFAC throughout the Lease Term.

10. **JURY WAIVER**. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT DO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LEASE AS AMENDED BY THIS THIRD AMENDMENT.

11. Brokerage. Tenant represents and warrants to Landlord that neither Tenant nor any of its representatives, employees or agents have consulted or negotiated with any broker or finder with regard to this Third Amendment except Colliers International ("**Landlord's Broker**") or Cassidy Turley Commercial Real Estate Services ("**Tenant's Broker**"). Landlord shall cause any commission due to Landlord's Broker to be paid by Landlord pursuant to a separate written agreement between Landlord and Landlord's Broker (the parties acknowledging that any commission due to Tenant's Broker shall be paid by Landlord's Broker pursuant to a separate written agreement between Landlord's Broker and Tenant's Broker). Tenant shall indemnify Landlord and hold Landlord harmless from any claims for fees or commissions from anyone with whom Tenant has consulted or negotiated with regard to this Third Amendment except Landlord's Broker.

12. Confidentiality. Unless Landlord specifically and expressly otherwise agrees in writing, (a) any information related to the Leased Premises or the Building acquired in whole or in part through the exercise of Tenant's rights under the Lease; (b) all information regarding the Leased Premises or the Building of whatsoever nature made available to Tenant by Landlord or Landlord's agents or representatives; and (c) the terms of the Lease (as amended), are confidential and shall not be disclosed by Tenant to any other person or party except in connection with typical disclosures to investors in connection with a sale to them of Tenant or its direct or indirect parent or in connection with a public sale of the ownership interests in Tenant's or its direct or indirect parent. The provisions of this section shall survive the expiration or earlier termination of the Lease.

13. Ratification. All terms and conditions of the Lease, as amended herein, are hereby ratified and shall remain in full force and effect. Tenant and Landlord each represent to the other that such party is not aware of a default by either Landlord or Tenant under the terms of the Lease. Landlord and Tenant represent that (i) the individuals executing this Third Amendment on behalf of Landlord and Tenant, respectively, have full authority and power to execute and deliver this Third Amendment, and (ii) this Third Amendment constitutes a valid and binding obligation on the parties hereto. This Third Amendment contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement, arrangement or understanding pertaining to any such matters shall be effective for any purpose.

14. Counterparts; Electronic Signatures. This Third Amendment may be executed in any number of counterparts, each of which shall be an original, but all of such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of this Third Amendment by facsimile or other electronic means shall be equally as effective as delivery of a manually executed original counterpart of this Third Amendment, provided in such event each party will promptly furnish to the other party an original counterpart hereof executed by such party.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed by persons duly empowered to bind the parties to perform their respective obligations hereunder the day and year first above written.

LANDLORD:

RT LANDINGS BUILDING II, LLC,
a Delaware limited liability company

By: /s/ Philip L. Kianka
Name: Philip L. Kianka
Title: Executive Vice President
Date: 3-11-15

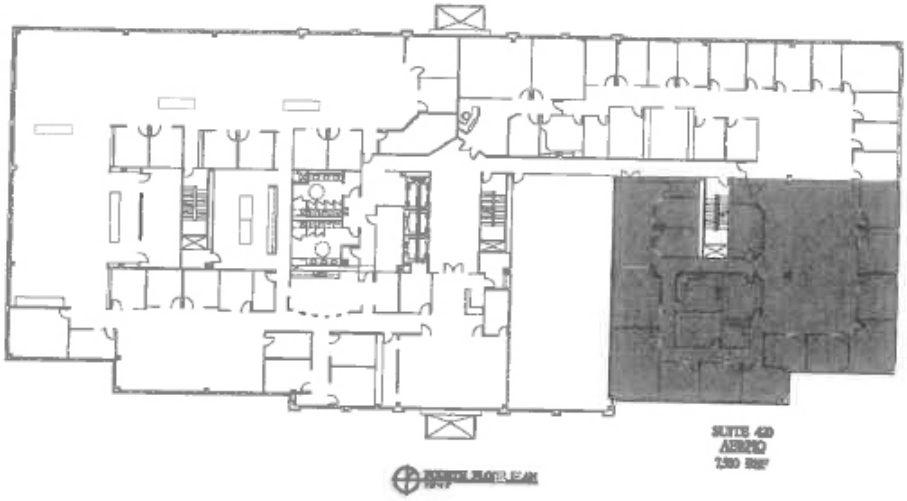
TENANT:

AERPIO THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Joseph H. Gardner
Name: Joseph H. Gardner, Ph.D.
Title: President & CEO
Date: Feb. 27, 2015

EXHIBIT A

Site Plan



THE LANDINGS II

Colliers

EXHIBIT B

Tenant Improvements

1. Condition of Leased Premises. Tenant shall be responsible for any improvements to the Leased Premises (the "**Tenant Improvements**"). Tenant's proposed architect/engineer, construction contractor, and mechanical, electric and plumbing subcontractors are subject to Landlord's prior approval, which approval shall not be unreasonably withheld or delayed. Promptly following the selection and approval of the architect/engineer, Tenant shall forward to said architect/engineer (and copy Landlord on the transmittal) Landlord's building standards, and Tenant shall cause said architect/engineer to comply with said building standards. Promptly following the selection and approval of the contractor, Tenant shall forward to said contractor (and copy Landlord on the transmittal) Landlord's mechanical, electrical and plumbing specifications and Landlord's rules of conduct, and Tenant shall cause said contractor to comply with said specifications and rules of conduct. At Landlord's request, Tenant shall coordinate a meeting among Landlord, Tenant and Tenant's contractor to discuss the Building systems and other matters related to the construction of the Tenant Improvements.

2. Preparation of CD's. Tenant shall, to the extent required by applicable law, at Tenant's sole cost and expense, prepare and submit to Landlord a set of permittable construction drawings (the "**CD's**"), covering all work to be performed by Tenant in constructing the Tenant Improvements. Tenant shall have no right to request any Tenant Improvements that would materially alter the exterior appearance or basic nature of the Building or the Building systems. Landlord shall have fifteen (15) days after receipt of the CD's in which to review the CD's and in which to give Tenant written notice of its approval of the CD's or its requested changes to the CD's. If Landlord requests any changes to the CD's, Tenant shall make such changes and shall, within fifteen (15) days of its receipt of Landlord's requested changes (if any), submit the revised portion of the CD's to Landlord. Landlord shall have fifteen (15) days after receipt of the revised CD's in which to review said revised CD's and in which to give to Tenant written notice of its approval of the revised CD's or its requested changes thereto. This process shall continue until such time, if at all, that Landlord approves the CD's in accordance with this section. Tenant shall at all times in its preparation of the CD's, and of any revisions thereto, act reasonably and in good faith. Landlord shall at all times in its review of the CD's, and any revisions thereto, act reasonably and in good faith.

3. Construction of Tenant Improvements. Prior to commencing the construction of the Tenant Improvements, Tenant shall deliver to Landlord (a) evidence of Tenant's insurance reasonably satisfactory to Landlord, which insurance shall be maintained throughout the construction of the Tenant Improvements, and (b) a project schedule in detail reasonably satisfactory to Landlord. In addition, Tenant shall require its contractor to carry appropriate insurance, as determined by Tenant, but which shall include, without limitation, Commercial General Liability, Commercial Auto Liability and Workers Compensation, in amounts necessary to insure the project and the work related thereto against claims for bodily injury or death or property damage. Tenant's contractors of all tiers shall name Landlord, Landlord's managing agent, and any mortgagee requested by Landlord as additional insureds on all liability policies required pursuant to this section. Throughout the construction of the Tenant Improvements, Tenant shall notify Landlord promptly of any material deviations from such project schedule. Tenant or its contractor shall construct the Tenant Improvements in a good, first-class and workmanlike manner and in accordance with the Plans and Specifications and all applicable governmental regulations. Landlord shall have the right, from time to time throughout the construction process, to enter upon the Leased Premises to perform periodic inspections of the Tenant Improvements. Tenant agrees to respond to and address promptly any reasonable concerns raised by Landlord during or as a result of such inspections.

4. Inspection. Upon substantial completion of the Tenant Improvements, a representative of Landlord and a representative of Tenant together shall inspect the Leased Premises.

5. Improvement Costs. Landlord shall reimburse Tenant for the Improvement Costs (as hereinafter defined) incurred in constructing the Tenant Improvements, up to an amount equal to $46,389.60 (the "**Tenant Allowance**"), as follows:

(a) Landlord shall pay fifty percent (50%) of the Tenant Allowance, less a holdback (the "**Holdback**") equal to ten percent (10%), to Tenant at such time as:

(i) Tenant has delivered to Landlord a copy of Tenant's building permit;

(ii) Tenant's contractor has completed fifty percent (50%) of the Tenant Improvements within the Leased Premises, as evidenced by a certificate from Tenant's architect and invoices, receipts and other evidence reasonably required by Landlord to evidence the cost of the Tenant Improvements made as of the date of Tenant's request for payment; and

(iii) Tenant has delivered to Landlord partial lien waivers for the first fifty percent (50%) of the Tenant Improvements from Tenant's contractor, all subcontractors and all laborers or material suppliers having performed any work at the Leased Premises relating to the construction of the first fifty percent (50%) of the Tenant Improvements.

(b) Landlord shall pay the remainder of the Tenant Allowance to Tenant at such time as (and the Holdback thirty (30) days thereafter):

(i) Tenant's contractor has completed one hundred percent (100%) of the Tenant Improvements within the Leased Premises, as evidenced by a certificate from Tenant's architect and invoices, receipts and other evidence reasonably required by Landlord to evidence the cost of the Tenant Improvements; and

(ii) Tenant has delivered to Landlord final lien waivers and affidavits from Tenant's contractor, all subcontractors, and all laborers or materials suppliers having performed any work at the Leased Premises relating to the Tenant Improvements, together with any other evidence reasonably required by Landlord to satisfy Landlord's title insurer that there are no parties entitled to file a lien against the real property underlying the Leased Premises in connection with such work.

(c) For purposes of this Lease, the term "**Improvement Costs**" shall mean the cost of the CD's and the Tenant Improvements, including, without limitation, design, space planning, permitting, and construction costs in connection therewith. Tenant shall be responsible for all Improvement Costs in excess of the Tenant Allowance. Tenant may use up to $13,644.00 of the Tenant Allowance for furniture, fixtures, and equipment provided that it expends such monies and requests reimbursement not later than February 22, 2016.

Exhibit 10.8

AERPIO PHARMACEUTICALS, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of the day of , 2017, between Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and (the "Executive").

WHEREAS, Aerpio Therapeutics, Inc. ("Aerpio") and the Executive are parties to an [executive employment agreement][offer letter], dated [ ], [ ](the "Prior Agreement");

WHEREAS, pursuant to an Agreement and Plan of Merger by and between the Company, Aerpio Acquisition Corp. and Aerpio, Aerpio [became][shall become] a wholly-owned subsidiary of the Company (the "Merger");

WHEREAS, the parties intend to replace the Prior Agreement (other than the Restrictive Covenants, as defined below) with this Agreement, effective as of the Effective Date; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall commence on the Effective Date and continue until terminated in accordance with the provisions hereof (the "Term"). The Executive's employment with the Company will continue to be "at will," meaning that the Executive's employment may be terminated by the Company or the Executive at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. During the Term, the Executive shall serve as the [Chief Executive Officer and President / Chief Scientific Officer / Chief Medical Officer] of the Company, and shall have supervision and control over and responsibility for the day-to-day business and affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the Board of Directors of the Company (the "Board")[, the Chief Executive Officer of the Company (the "CEO")] or other authorized executive, provided that such duties are consistent with the Executive's position or other positions that he may hold from time to time. The Executive shall devote substantially all of his full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Executive may serve on other boards of directors, with the approval of the Board, or engage in religious, charitable or other community activities as long as such services and activities are disclosed to the Board and do not materially interfere with the Executive's performance of his duties to the Company as provided in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. During the Term, the Executive's initial annual base salary shall be $[ ]. The Executive's base salary shall be reviewed annually by the Board or the Compensation Committee of the Board (the "Compensation Committee"). The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for executive officers.

(b) Incentive Compensation. During the Term, the Executive shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. The Executive's initial target annual incentive compensation shall be [ ] percent of his Base Salary (the "Target Annual Incentive Compensation"). Except as otherwise provided herein, to earn incentive compensation, the Executive must be employed by the Company on the day such incentive compensation is paid.

(c) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. During the Term, the Executive shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Vacations. During the Term, the Executive shall be entitled to paid vacation in accordance with the Company's policies and procedures. The Executive shall also be entitled to all paid holidays given by the Company to its executive officers.

3. Termination. During the Term, the Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. The Company may terminate the Executive's employment if he is disabled and unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Termination by Company for Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Executive constituting a material act of misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and de minimis use of Company property for personal purposes; (ii) the commission by the Executive of any felony or a misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or any conduct by the Executive that would reasonably be expected to result in material injury or reputational harm to the Company or any of its subsidiaries or affiliates if he were retained in his position; (iii) continued non-performance by the Executive of his duties hereunder (other than by reason of the Executive's physical or mental illness, incapacity or disability) which has continued for more than 30 days following written notice of such non-performance from the Board; (iv) a breach by the Executive of any of the provisions contained in Section 7 of this Agreement; (v) a material violation by the Executive of the Company's written employment policies; or (vi) failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by the Executive. The Executive may terminate his employment hereunder at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Executive has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Executive's responsibilities, authority or duties; (ii) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) a material change in the geographic location at which the Executive provides services to the Company; or (iv) the material breach of this Agreement by the Company. "Good Reason Process" shall mean that (i) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (iii) the Executive cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Executive terminates his employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if the Executive's employment is terminated by the Company under Section 3(d), the date on which a Notice of Termination is given; (iv) if the Executive's employment is terminated by the Executive under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given, and (v) if the Executive's employment is terminated by the Executive under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

4. Compensation Upon Termination.

(a) Termination Generally. If the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to his authorized representative or estate) (i) any Base Salary earned through the Date of Termination, unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement) and unused vacation that accrued through the Date of Termination on or before the time required by law but in no event more than 30 days after the Executive's Date of Termination; and (ii) any vested benefits the Executive may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Benefit").

(b) Termination by the Company Without Cause or by the Executive with Good Reason. During the Term, if the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates his employment for Good Reason as provided in Section 3(e), then the Company shall pay the Executive his Accrued Benefit. In addition, subject to the Executive signing a separation agreement containing, among other provisions, a general release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement, in a form and manner satisfactory to the Company (the "Separation Agreement and Release") and the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination:

(i) the Company shall pay the Executive an amount equal to [ ] months' Base Salary (the "Severance Amount"). Notwithstanding the foregoing, if the Executive breaches any of the provisions contained in Section 7 of this Agreement, all payments of the Severance Amount shall immediately cease; and

(ii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for [ ] months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company; and

(iii) upon the Date of Termination, all stock options and other stock-based awards held by the Executive in which the Executive would have vested if he had remained employed for an additional six months following the Date of Termination shall vest and become exercisable or nonforfeitable as of the Date of Termination; and

(iv) the amounts payable under Section 4(b)(i) and (ii) shall be paid out in substantially equal installments in accordance with the Company's payroll practice over [ ] months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

5. Change in Control Payment. The provisions of this Section 5 set forth certain terms of an agreement reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs within twelve months after the occurrence of the first event constituting a Change in Control. These provisions shall terminate and be of no further force or effect beginning twelve months after the occurrence of a Change in Control.

(a) Change in Control. During the Term, if within twelve months after a Change in Control, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates his employment for Good Reason as provided in Section 3(e), then, subject to the signing of the Separation Agreement and Release by the Executive and the Separation Agreement and Release becoming irrevocable and fully effective, all within 60 days after the Date of Termination,

(i) the Company shall pay the Executive a lump sum in cash in an amount equal to [ ] times the sum of (A) the Executive's current Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher) plus (B) the Executive's Target Incentive Compensation; and

(ii) except as otherwise expressly provided in any applicable option agreement or other stock-based award agreement, all stock options and other stock-based awards held by the Executive subject to time-based vesting shall immediately accelerate and become fully exercisable or nonforfeitable as of the Date of Termination; and

(iii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for [ ] months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company; and

(iv) The amounts payable under this Section 5(a) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Executive receiving a higher After Tax Amount (as defined below) than the Executive would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(ii) For purposes of this Section 5(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Executive as a result of the Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(b) Definitions. For purposes of this Section 5, the following terms shall have the following meanings:

"Change in Control" shall mean any of the following:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(iii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company

issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a "Change in Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Confidential Information, Noncompetition and Cooperation.

(a) Restrictive Covenants. Notwithstanding anything herein to the contrary, [Section 6 of the Prior Agreement] [the terms of the Employee Confidentiality and Assignment Agreement, dated October 5, 2015] (the "Restrictive Covenants"), continue to be in full force and effect and are incorporated by reference in this Agreement. The Executive hereby reaffirms the terms of the Restrictive Covenants as material terms of this Agreement and acknowledges and agrees that references to Aerpio Therapeutics, Inc. or "the Company" in the Restrictive Covenants shall also include Aerpio Pharmaceuticals, Inc.

(b) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the performance of the Executive's proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on

behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(f).

(d) Relief. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 8 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company. In addition, in the event the Executive breaches this Section 7 during a period when he is receiving severance payments pursuant to Section 4 or Section 5 hereof, the Company shall have the right to suspend or terminate such severance payments. Such suspension or termination shall not limit the Company's other options with respect to relief for such breach and shall not relieve the Executive of his duties under this Agreement.

(e) Protected Disclosures and Other Protected Action. Nothing contained in this Agreement limits the Executive's ability to file a charge or complaint with any federal, state or local governmental agency or commission (a "Government Agency"). In addition, nothing contained in this Agreement limits the Executive's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including the Executive's ability to provide documents or other information, without notice to the Company, nor do any of the provisions of this Section 7 apply to truthful testimony in litigation. If the Executive files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on the Executive's behalf, or if any other third party pursues any claim on the Executive's behalf, the Executive waives any right to monetary or other individualized relief (either individually, or as part of any collective or class action); provided that nothing in this Agreement limits any right the Executive may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

8. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in [Cincinnati, Ohio] in accordance with the Employment Dispute Resolution Rules of

the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than the Executive or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. Notwithstanding the foregoing, this Section 8 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 8.

9. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 8 of this Agreement, the parties hereby consent to the jurisdiction of the state and federal courts of the State of [Ohio]. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including the Prior Agreement (other than the Restrictive Covenants).

11. Withholding. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

12. Successor to the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after his termination of employment but prior to the completion by the Company of all payments due him under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Executive fails to make such designation).

13. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

15. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

16. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

17. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

18. Governing Law. This is an Ohio contract and shall be construed under and be governed in all respects by the laws of the State of Ohio, without giving effect to the conflict of laws principles thereof.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

20. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

21. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

AERPIO PHARMACEUTICALS, INC.

By: _____

Its: _____

[EXECUTIVE]

_____

[Name]

Exhibit 10.9

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into as of March 15, 2017, among Aerpio Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule A hereto (each of which is referred to in this Agreement as an "**Investor**" and collectively, the "**Investors**").

RECITALS:

WHEREAS, on the date hereof, a wholly-owned subsidiary of the Company will merge (the "**Merger**") with and into Aerpio Therapeutics, Inc., a Delaware corporation ("**Aerpio**");

WHEREAS, following the Merger, Aerpio will convert into a Delaware limited liability company (the "**LLC Conversion**");

WHEREAS, following the LLC conversion, the Company will offer and sell in a private placement offering (the "**Offering**") shares of the common stock of the Company, par value $0.0001 per share;

WHEREAS, the Company has entered into a registration rights agreement with each of the purchasers in the Offering and certain other parties thereto; and

WHEREAS, the Company wishes to enter into a second registration rights agreement with the parties hereto, who were certain of the existing Investors of Aerpio prior to the Merger and LLC Conversion;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Definitions. For purposes of this Agreement:

"**Affiliate**" means, (i) with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person, and (ii) without limiting the generality of the foregoing, with respect to any Satter Investor, any trust or other entity for which Muneer A. Satter or Kristen H. Hertel serves as trustee or investment advisor, any Immediate Family Member of Muneer A. Satter and any trust or other entity for the benefit of any Immediate Family Member of Muneer A. Satter.

"**Common Stock**" means shares of the Company's common stock, par value $0.0001 per share.

"**Damages**" means any loss, damage, or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, or liability (or any action in respect thereof) arises out of or is

based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an 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 indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

"**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) 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 (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

"**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

"**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

"**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

"**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

"**Investor**" means the persons named on Schedule A hereto; *provided*, *however*, that any such person shall cease to be considered an Investor for purposes of this Agreement at any time such person and his, her or its Affiliates collectively hold no shares of Common Stock.

"**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

"**Registrable Securities**" means (i) any Common Stock held by the Investors as of the date hereof (including any Common Stock acquired by the Investors in the Offering); and (ii) any Common Stock issued as a dividend or other distribution with respect to or in exchange for or in replacement of, the shares referenced in clause (i) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 3.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Section 2.13 of this Agreement.

"**Restricted Securities**" means the securities of the Company, if any, required to bear the legend set forth in Section 2.12(b) hereof.

"**Satter Investors**" means each of Muneer A. Satter Revocable Trust, The Satter Foundation, SIM - SCT Investment Holdings, LLC, SIM - SFT Investment Holdings, LLC, Muneer A. Satter IRA, SIM - KHH Investment Holdings, LLC, SIM - RSFIT Investment Holdings, LLC, SIM - RHSIT Investment Holdings, LLC, SIM - ACWIT Investment Holdings, LLC, SIM - GBAHIT Investment Holdings, LLC, Abdus Satter Insurance Trust and Satter Medical Technology Partners, L.P.

"**SEC**" means the Securities and Exchange Commission.

"**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Section 2.6.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the expiration or termination of the registration statement(s) (the "**Offering Registration Statement(s)**") filed or to be filed by the Company under the Registration Rights Agreement, dated as of March 15, 2017, among the Company and the parties thereto, the Company receives a request from Holders of thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to Registrable Securities then outstanding if the Company is not then eligible to use a Form S-3 registration statement, then the Company shall (i) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file

a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within ten (10) days of the date the Demand Notice is given, and in each case, subject to the limitations of Sections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time after the expiration or termination of the Offering Registration Statement(s), when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least twenty percent (20%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders (which may be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act if requested by such Holders), then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within ten (10) days of the date the Demand Notice is given, and in each case, subject to the limitations of Sections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Section 2(a) a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than sixty (60) days after the request of the Initiating Holders is given; *provided*, *however*, that the Company may not invoke this right more than once in any twelve (12) month period; and *provided*, *further*, that the Company shall not register any securities for its own account or that of any other stockholder during such sixty (60) day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(a)(i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, *provided*, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Section 2.1(a); or (iii) if the Initiating Holders propose to dispose of

shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(b)(i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations in the previous twelve (12) month period pursuant to Section 2.1(b). A registration shall not be counted as "**effected**" for purposes of this Section 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Section 2.6, in which case such withdrawn registration statement shall be counted as "**effected**" for purposes of this Section 2.1(d).

2.2 Company Registration. If after the expiration or termination of the Offering Registration Statement(s), the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Section 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Section 2.1, 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 Section 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Initiating Holders, subject only to the reasonable approval of the Company. In such event, the right of any Holder to include such Holder's 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 to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that

may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; *provided, however*, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Section 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering. For purposes of the provision in this Section 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "**selling** Holder," and any pro rata reduction with respect to such "**selling Holder**" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "**selling Holder**," as defined in this sentence.

(c) For purposes of Section 2.1, a registration shall not be counted as "**effected**" if, as a result of an exercise of the underwriter's cutback provisions in Section 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 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 its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, 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; *provided*, *however*, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to sixty (60) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(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 Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its 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 selling Holders; *provided*, that the Company shall not be required to qualify to do business 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 Securities 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, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 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 is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $75,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; *provided*, *however*, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 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 selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Sections 2.1(a) or 2.1(b), as the case may be; *provided*, *further*, that if, at the time of such withdrawal, the Holders shall 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 after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Sections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company shall indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided*, *however*, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, shall indemnify and hold harmless the Company, and 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 Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided*, *however*, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and *provided*, *further*, that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Sections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and 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 action.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. 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 allegedly untrue statement of a material fact, or the omission or alleged omission of 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; *provided*, *however*, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and *provided*, *further*, that in no event shall a Holder's liability pursuant to this Section 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses) paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(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) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 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 shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144, the Securities Act, and the Exchange Act (at any time after the Company 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 the Company 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 (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 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 more than the majority of the Registrable Securities then outstanding enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter for an underwritten public offering by the Company, during the period commencing and ending on the dates specified by the Company and the managing underwriter (such period not to exceed ninety (90) days), (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 (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for such offering 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 such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. Notwithstanding clause (i) and (ii) above, each Holder may distribute any or all of its shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock to any of its limited partners, provided, however, that such limited partners who receive the distribution of any or all shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock shall still be subject to the other provisions of this Section 2.11. The foregoing provisions of this Section 2.11 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 2.11 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 2.11 or that are necessary to give further effect thereto. 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.

2.12 Restrictions on Transfer.

(a) The Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate or instrument representing (i) the Registrable Securities, and (ii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, may (unless otherwise permitted by the provisions of Section 2.12(c) be stamped or otherwise imprinted with a legend substantially in the following form:

THE SHARES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.12.

The legends set forth above shall not be placed on Registrable Securities (and the Company shall cause any such legends to be removed) if (a) such Registrable Securities are, or may be, sold pursuant to a registration statement under the Securities Act, including for the avoidance of doubt, filed by the Company pursuant to the Offering RRA, or (b) such Holder delivers to the Company an opinion of counsel, reasonably acceptable to the Company, that a disposition of the Registrable Securities is being made pursuant to an exemption from such registration and that the Registrable Securities, after such transfer, shall no longer be "restricted securities" within the meaning of Rule 144.

(c) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "**no action**" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "**no action**"

letter (x) in any transaction in compliance with SEC Rule 144 or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; *provided*, that each transferee agrees in writing to be subject to the terms of this Section 2.12. Each certificate or instrument evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 2.12(b), except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earliest to occur of:

(a) the closing of (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all or substantially all of the Company's assets or property to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company; or

(b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation or restriction during a three-month period without registration.

3. Miscellaneous.

3.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 1,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); *provided*, *however*, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Section 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such

Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; *provided*, *further*, that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

3.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

3.3 Counterparts; Facsimile or PDF. 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. This Agreement may also be executed and delivered by facsimile or PDF signature and 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.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Section 3.5. If notice is given to the Company, a copy shall also be sent to Goodwin Procter LLP, 100 Northern Avenue, Boston, MA 02210, Attn: Kingsley L. Taft, Esq., and if notice is given to the Investors, a copy shall also be sent to the Investors, a copy shall also be sent to their counsel, if and as set forth on Schedule A.

3.6 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 more than the majority of the Registrable Securities then outstanding; *provided*, that the Company may in its sole discretion waive compliance with Section 2.12(c) (and the Company's failure to object promptly in writing after notification of a

proposed assignment allegedly in violation of Section 2.12(c) shall be deemed to be a waiver); and *provided*, *further*, that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 3.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

3.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

3.9 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

3.10 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

3.11 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

AERPIO PHARMACEUTICALS, INC.

By: /s/ Joseph H. Gardner
Joseph H. Gardner, Ph.D.
President and CEO

Address:

9987 Carver Road, Suite 420
Cincinnati, OH 45242

Exhibit 16.1

March 15, 2017

Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Ladies and Gentlemen:

We have read Item 4.01 of the current report on Form 8-K dated March 15, 2017 of Aerpio Pharmaceuticals, Inc. and are in agreement with the statements in the paragraphs within that Item as they relate to our firm. We have no basis to agree or disagree with other statements of the registrant contained therein.

Respectfully submitted,

/s/ LWBJ, LLP

West Des Moines, Iowa

Exhibit 21.1

Subsidiaries of the Registrant

Name:	Jurisdiction of Organization:
Aerpio Therapeutics LLC	Delaware

FINANCIAL STATEMENTS

Aerpio Therapeutics, Inc.
Years Ended December 31, 2016 and 2015
With Report of Independent Registered Public Accounting Firm

Aerpio Therapeutics, Inc.

Financial Statements

Years Ended December 31, 2016 and 2015

Contents

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Aerpio Therapeutics, Inc.

We have audited the accompanying balance sheets of Aerpio Therapeutics, Inc. as of December 31, 2016 and 2015, and the related statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit and cash flows for each of the two 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 also 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 Aerpio Therapeutics, Inc. at December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the two years in the period then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has recurring losses and negative cash flows from operations and has net capital and working capital deficiencies at December 31, 2016 that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Ernst & Young LLP

Cincinnati, Ohio
March 9, 2017

Aerpio Therapeutics, Inc.

Balance Sheets

	December 31 2016	2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,609,694**	$ 5,144,211
Short-term investments	**50,000**	50,000
Accounts receivable	**4,157**	118,516
Prepaid research and development contracts	**353,434**	266,327
Other current assets	**209,038**	386,549
Total current assets	**2,226,323**	5,965,603
Furniture and equipment, net	**149,595**	105,971
Deposits	**20,960**	20,960
Total assets	**$ 2,396,878**	$ 6,092,534
Liabilities, redeemable convertible preferred stock, and stockholders' deficit		
Current liabilities:		
Accounts payable and accrued expenses	**$ 2,470,970**	$ 2,159,874
Convertible notes	**12,386,647**	—
Total current liabilities	**14,857,617**	2,159,874
Commitments and contingencies *(Note 12)*		
Series A redeemable convertible preferred stock; 3,094,774 shares authorized; 2,892,193 and 3,094,774 shares issued and outstanding at December 31, 2016 and 2015	**7,016,515**	7,119,204
Series A1 redeemable convertible preferred stock; 19,528,622 shares authorized; 19,345,272 and 19,528,622 shares issued and outstanding at December 31, 2016 and 2015	**40,897,311**	39,016,008
Series A2 redeemable convertible preferred stock; 10,876,182 and 10,476,182 shares authorized; 10,468,842 and 10,476,182 shares issued and outstanding at December 31, 2016 and 2015	**25,844,064**	24,352,203
Total redeemable convertible preferred stock	**73,757,890**	70,487,415
Stockholders' deficit:		
Common stock; $.00001 par value; 40,700,000 and 40,000,000 shares authorized; 2,895,994 and 2,700,719 shares issued and outstanding at December 31, 2016 and 2015, respectively	**29**	27
Accumulated deficit	**(86,218,658)**	(66,554,782)
Total stockholders' deficit	**(86,218,629)**	(66,554,755)
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	**$ 2,396,878**	$ 6,092,534

See accompanying notes.

Aerpio Therapeutics, Inc.

Statements of Operations and Comprehensive Loss

	Year Ended December 31	
	2016	**2015**
Operating expenses:		
Research and development	**$ 11,367,590**	$ 11,625,404
General and administrative	**5,265,995**	5,861,151
Total operating expenses	**16,633,585**	17,486,555
Operating loss	**(16,633,585)**	(17,486,555)
Other:		
Grant income	**131,281**	369,688
Interest (expense) income, net	**(482,204)**	19,622
Reimbursements from Akebia	**997**	27,022
Total other	**(349,926)**	416,332
Net loss and comprehensive loss	**$(16,983,511)**	$(17,070,223)
Reconciliation to net loss attributable to common stockholders:		
Net loss and comprehensive loss	**$(16,983,511)**	$(17,070,223)
Extinguishment of preferred stock	**224,224**	—
Accretion of preferred stock to redemption value	**(4,152,801)**	(348,436)
Net loss attributable to common stockholders	**$(20,912,088)**	$(17,418,659)
Net loss per share attributable to common stockholders, basic and diluted	**$ (10.51)**	$ (13.52)
Weighted average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	**1,989,863**	1,288,631

See accompanying notes.

Aerpio Therapeutics, Inc.

Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

	Redeemable Convertible Preferred Stock							Stockholders' Deficit				
	Series A		Series A1		Series A2			Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Total	Shares	Par Value			
Balance at January 1, 2015	3,094,774	$6,754,096	19,528,622	$40,180,140	10,476,182	$23,204,743	$70,138,979	2,691,344	$ 26	$ —	$(49,608,968)	$(49,608,942)
Adjustment of redeemable convertible preferred stock to redemption value	—	365,108	—	(1,164,132)	—	1,147,460	348,436	—	—	(472,845)	124,409	(348,436)
Exercise of stock options	—	—	—	—	—	—	—	9,375	1	2,999	—	3,000
Share-based compensation expense	—	—	—	—	—	—	—	—	—	469,846	—	469,846
Net loss	—	—	—	—	—	—	—	—	—	—	(17,070,223)	(17,070,223)
Balance at December 31, 2015	3,094,774	7,119,204	19,528,622	39,016,008	10,476,182	24,352,203	70,487,415	2,700,719	27	—	(66,554,782)	(66,554,755)
Adjustment of redeemable convertible preferred stock to redemption value	—	379,777	—	2,263,804	—	1,509,220	4,152,801	—	—	(1,273,638)	(2,879,163)	(4,152,801)
Conversion of preferred stock	(135,066)	(324,774)	(159,135)	(333,328)	—	—	(658,102)	144,233	1	658,101	—	658,102
Extinguishment of preferred stock	(67,515)	(157,692)	(24,215)	(49,173)	(7,340)	(17,359)	(224,224)	—	—	25,426	198,798	224,224
Conversion of Convertible Notes	—	—	—	—	—	—	—	—	—	82,818	—	82,818
Exercise of stock options	—	—	—	—	—	—	—	51,042	1	18,967	—	18,968
Share-based compensation expense	—	—	—	—	—	—	—	—	—	488,326	—	488,326
Net loss	—	—	—	—	—	—	—	—	—	—	(16,983,511)	(16,983,511)
Balance at December 31, 2016	2,892,193	$7,016,515	19,345,272	$40,897,311	10,468,842	$25,844,064	$73,757,890	2,895,994	$ 29	$ —	$(86,218,658)	$(86,218,629)

See accompanying notes.

Aerpio Therapeutics, Inc.

Statements of Cash Flows

	Year Ended December 31 2016	2015
Operating activities		
Net loss	**$ (16,983,511)**	$ (17,070,223)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	**69,673**	57,977
Compensation recognized under equity incentive plan	**488,326**	469,846
Amortization of debt issuance costs	**188,686**	—
Interest expense related to convertible note conversion	**2,823**	—
Accounts receivable	**114,359**	(60,566)
Prepaid expenses and other current assets	**90,404**	(210,106)
Accounts payable and accrued expenses	**311,096**	(1,071,610)
Net cash used in operating activities	**(15,718,144)**	(17,884,682)
Investing activities		
Purchase of furniture and equipment	**(113,297)**	(41,037)
Net cash used in investing activities	**(113,297)**	(41,037)
Financing activities		
Proceeds from exercise of stock options	**18,968**	3,000
Proceeds from issuances of convertible notes	**12,542,203**	—
Cash paid for debt issuance costs	**(264,247)**	—
Net cash provided by financing activities	**12,296,924**	3,000
Net decrease in cash and cash equivalents	**(3,534,517)**	(17,922,719)
Cash and cash equivalents, beginning of year	**5,144,211**	23,066,930
Cash and cash equivalents, end of year	**$ 1,609,694**	$ 5,144,211
Non-cash financing activities		
Accretion of preferred stock to redemption value	**$ 4,152,801**	$ 348,436
Extinguishment of preferred stock	**$ (224,224)**	$ —

See accompanying notes.

1. Nature of Organization and Operations

Aerpio Therapeutics, Inc. (Aerpio or the Company) is a biopharmaceutical company focused on advanced treatment for ocular disease. The Company's lead product, AKB-9778, a small molecule activator of the Tie-2 pathway, is being developed for diabetic retinopathy. In addition to AKB-9778, the Company is advancing a humanized monoclonal antibody directed at the same target as AKB-9778, ARP-1536 in vascular disorders of the eye. ARP-1536, currently at the preclinical development stage, is designed to address the same pathway as AKB-9778. Aerpio is also completing clinical studies with AKB-4924, a selective stabilizer of hypoxia-inducible factor-1 alpha, or HIF-1 alpha, that is being developed for the treatment of inflammatory bowel disease. The Company was incorporated on November 17, 2011, under the laws of the State of Delaware and was capitalized in December 2011 in a spinout transaction from Akebia Therapeutics, Inc. (Akebia) to enable more rapid development of its compounds.

The Company's operations to date have been limited to organizing and staffing the Company, business planning, raising capital, acquiring and developing its technology, identifying potential product candidates, and undertaking preclinical and clinical studies. The Company has not generated any revenues to date, nor is there any assurance of any future revenues. The Company's product candidates are subject to long development cycles, and there is no assurance the Company will be able to successfully develop, obtain regulatory approval for, or market its product candidates.

The Company is subject to a number of risks similar to other life science companies in the current stage of its life cycle, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, the need to obtain marketing approval for its product candidates, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of any of the Company's products that are approved, and protection of proprietary technology. If the Company does not successfully commercialize any of its products or mitigate any of these other risks, it will be unable to generate revenue or achieve profitability.

1. Nature of Organization and Operations (continued)

Going Concern Considerations

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and payments of liabilities in the ordinary course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of and classification of liabilities that may result should the Company be unable to continue as a going concern.

At December 31, 2016, the Company has a working capital deficiency. The Company incurred losses from operations and had negative cash flows from operating activities for the year ended December 31, 2016 and 2015 and since inception. The Company's current operating plan indicates that it will continue to incur losses from operations and generate negative cash flows from operating activities given ongoing expenditures related to the completion of its ongoing clinical trials and the Company's lack of revenue generating activities. In addition, the Company's senior secured convertible notes become due on March 31, 2017. Failure to pay these notes is an event of default. These events and conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company will need to raise additional funds in order to further advance its clinical research programs, commence additional clinical trials, and operate its business, and meet its obligations as they come due. The Company is pursuing financing alternatives, which include permanent equity financing, business development arrangements, licensing arrangements and business combination transactions. However, financing may not be available to the Company in the necessary time frame, in amounts that the Company requires, on terms that are acceptable to the Company, or at all. If the Company is unable to raise the necessary funds when needed or reduce spending on currently planned activities, it may not be able to continue the development of its product candidates or the Company could be required to delay, scale back, or eliminate some or all of its development programs and other operations and will materially harm its business, financial position, and results of operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and stated in U.S. dollars.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment, which is the business of developing and commercializing proprietary therapeutics in vascular disorders of the eye. All of the assets and operations of the Company's sole operating segment are located in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management considers many factors in selecting appropriate financial accounting policies and controls and in developing the estimates and assumptions that are used in the preparation of these financial statements. Management must apply significant judgment in this process. In addition, other factors may affect estimates, including expected business and operational changes, sensitivity and volatility associated with the assumptions used in developing estimates, and whether historical trends are expected to be representative of future trends. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. Estimates are used in the following areas, among others: fair value of the Company's Common Stock and other equity instruments, accrued expenses, and income taxes.

2. Summary of Significant Accounting Policies (continued)

The Company utilizes significant estimates and assumptions in determining the fair value of its Common Stock and other equity instruments. The Company granted stock options at exercise prices not less than the fair value of its Common Stock, as determined by the Board of Directors contemporaneously at the date such grants were made. The Board of Directors has determined the estimated fair value of the Company's Common Stock based on a number of objective and subjective factors, including external market conditions affecting the biotechnology industry sector and the prices at which the Company sold shares of preferred stock, the superior rights and preferences of securities senior to the Company's Common Stock at the time, and the likelihood of achieving a liquidity event, such as a public offering or sale of the Company.

The Company utilized various valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants Technical Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, to estimate the fair value of its Common Stock. Each valuation methodology includes estimates and assumptions that require the Company's judgment. These estimates and assumptions include a number of objective and subjective factors, including external market conditions, the prices at which the Company sold shares of redeemable convertible preferred stock, the superior rights and preferences of securities senior to the Company's Common Stock at the time, and, at December 31, 2016, a probability analysis of various liquidity events under differing scenarios, including both a potential public trading scenario and potential sale scenario. Significant changes to the key assumptions used in the valuations could result in different fair values of Common Stock and other equity instruments at each valuation date.

The Company's results can also be affected by economic, political, legislative, regulatory, and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, government fiscal policies, and changes in the prices of research studies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims, or proceedings.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash on hand, deposits, and funds invested in short-term investments with remaining maturities of three months or less at the time of purchase. The Company may maintain balances with its banks in excess of federally insured limits.

2. Summary of Significant Accounting Policies (continued)

Short-Term Investments

Time deposits with remaining maturities of greater than three months but less than one year at the time of purchase are classified as short-term investments in the accompanying balance sheets.

Grant Income

Grant income is recognized as earned based on contract work performed. Grant income also includes qualifying therapeutic credits from the U.S. Treasury related to discovery projects.

Research and Development

Costs incurred in connection with research and development activities are expensed as incurred. Research and development expense consists of (i) employee-related expenses, including salaries, benefits, travel, and stock-based compensation expense; (ii) external research and development expenses incurred under arrangements with third parties, such as contract research organizations and consultants; (iii) the cost of acquiring, developing, and manufacturing clinical study materials; (iv) facilities and other expenses, which include direct and allocated expenses for rent and maintenance of facilities and laboratory and other supplies; and (v) costs associated with preclinical activities and regulatory operations.

The Company enters into consulting, research, and other agreements with commercial firms, researchers, universities, and others for the provision of goods and services.

Under such agreements, the Company may pay for services on a monthly, quarterly, project, or other basis. Such arrangements are generally cancellable upon reasonable notice and payment of costs incurred. Costs are considered incurred based on an evaluation of the progress to completion of specific tasks under each contract using information and data provided to the Company by its clinical sites and vendors. These costs consist of direct and indirect costs associated with specific projects, as well as fees paid to various entities that perform certain research on behalf of the Company.

Patents

Costs incurred in connection with the application for and issuances of patents are expensed as incurred.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are recorded in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and for loss and credit carryforwards using enacted tax rates anticipated to be in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that some or all of the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position, as well as consideration of the available facts and circumstances. As of December 31, 2016 and 2015, the Company does not have any significant uncertain tax positions. If incurred, the Company would classify interest and penalties on uncertain tax positions as income tax expense.

Net Loss per Share

The Company’s basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The diluted net loss per share attributable to common stockholders is computed by adjusting weighted average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury stock method. For purposes of this calculation, convertible preferred stock, stock options to purchase common stock, and restricted stock awards are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share were the same for all periods presented.

2. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

The Company accounts for its stock-based compensation awards in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*. ASC 718 requires all stock-based payments to employees, including grants of employee stock options and restricted stock, to be recognized in the statements of operations and comprehensive loss based on their fair values. All of the Company's stock-based awards are subject only to service-based vesting conditions. The Company estimates the fair value of its stock-based awards using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including (a) the expected stock price volatility, (b) the calculation of expected term of the award, (c) the risk-free interest rate, and (d) expected dividends. The fair value of restricted stock award are determined based on the Company's estimated common stock value.

Due to the lack of a public market for the trading of the Company's Common Stock and a lack of company-specific historical and implied volatility data, the Company has based its estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. The computation of expected volatility is based on the historical volatility of a representative group of companies with similar characteristics to the Company, including stage of product development and life science industry focus. The Company believes the group selected has sufficient similar economic and industry characteristics and includes companies that are most representative of the Company.

The Company uses the simplified method as prescribed by the Securities and Exchange Commission Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term, as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for options granted to employees, and utilizes the contractual term for options granted to non-employees. The expected term is applied to the stock option grant group as a whole, as the Company does not expect substantially different exercise or post-vesting termination behavior among its employee population. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options.

Compensation expense related to awards to employees is calculated on a straight-line basis by recognizing the grant date fair value over the associated service period of the award, which is generally the vesting term. Awards to non-employees are adjusted through share-based compensation expense as the award vests to reflect the current fair value of such awards and are expensed using an accelerated attribution model.

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Company's financial instruments consist of cash equivalents, short-term investments, accounts receivable, and accounts payable. The Company values cash equivalents using quoted market prices. The valuation technique used to measure the fair value of short-term investments was based on net asset values corroborated with observable market data. The fair value of accounts receivable and accounts payable approximate the carrying value because of their short-term nature.

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in markets that are not active or for which all significant inputs are observable, either directly or indirectly
- Level 3 – Valuations that require inputs that reflect the Company's own assumptions that are both significant to the fair value measurement and unobservable

To the extent that a valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There were no transfers within the fair value hierarchy in 2016 or 2015.

2. Summary of Significant Accounting Policies (continued)

Based on the fair value hierarchy, assets measured or disclosed at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
December 31, 2016				
Assets:				
Cash and cash equivalents	**$1,609,694**	**$ —**	**$ —**	**$1,609,694**
Short-term investments	**—**	**50,000**	**—**	**50,000**
Total assets	**$1,609,694**	**$50,000**	**$ —**	**$1,659,694**
December 31, 2015				
Assets:				
Cash and cash equivalents	$5,144,211	$ —	$ —	$5,144,211
Short-term investments	—	50,000	—	50,000
	$5,144,211	$50,000	$ —	$5,194,211

Concentrations of Credit Risk and Off-Balance Sheet Risk

Cash and cash equivalents and short-term investments are the only financial instruments that potentially subject the Company to concentrations of credit risk. At December 31, 2016 and 2015, all of the Company's cash was deposited in accounts at two principal financial institutions. The Company maintains its cash and cash equivalents and short-term investments with a high-quality, accredited financial institution and, accordingly, such funds are subject to minimal credit risk. The Company has no significant off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts, or other hedging arrangements.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, if any. Comprehensive loss equaled net loss for all periods presented.

2. Summary of Significant Accounting Policies (continued)

Furniture and Equipment

Furniture and equipment is stated at cost, less accumulated depreciation. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, generally three to seven years. Such costs are periodically reviewed for recoverability when impairment indicators are present. Such indicators include, among other factors, operating losses, unused capacity, market value declines, and technological obsolescence. Recorded values of asset groups of property, plant, and equipment that are not expected to be recovered through undiscounted future net cash flows are written down to current fair value, which generally is determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale).

Research and Development Costs

Research and development costs are expensed as incurred.

Reclassifications

Certain prior year balances in the balance sheet have been reclassified to conform to the current year presentation. The reclassifications were not material to the financial statements.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In March 2016, the FASB issued Accounting Standards Update (ASU) 2016-09, *Improvements to Employee Share-Based Payment Accounting*. This ASU is intended to simplify accounting for share-based payments. Upon adoption, this ASU will require that excess tax benefits for share-based payments be recorded as a reduction of income tax expense and reflected within operating cash flows rather than being recorded within equity and reflected within financing cash flows. This update is effective for the Company on January 1, 2017. The adoption of this new standard will not have a material impact on the Company’s financial position or results of operations.

2. Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is currently assessing the effect that adoption of the new standard will have on its financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This ASU requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. This ASU was effective for interim and annual periods beginning after December 15, 2015 and was required to be applied retrospectively. The Company adopted this ASU as of December 31, 2016, and as a result debt issuance costs of $75,561 are reducing the carrying amounts of the Company's Convertible Notes as of December 31, 2016. There was no outstanding debt at December 31, 2015 to apply retrospective application.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. This ASU requires all deferred tax assets and liabilities to be classified as non-current on the balance sheet instead of separating into current and non-current amounts. This update is effective for annual periods beginning after December 15, 2016, and may be applied on a prospective or retrospective basis. The Company elected to early adopt this standard on a retrospective basis as of December 31, 2015. As described in Note 9, there was no impact on the current or prior period balance sheets as a result of the adoption of ASU 2015-17.

Subsequent Events

The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements considered events through March 9, 2017, the date on which the financial statements were available to be issued.

3. Related-Party Arrangements

On December 22, 2011, in connection with the spinout of the Company from Akebia, the Company's former parent company, Akebia assigned certain assets and liabilities to the Company.

In connection with the spinout of Aerpio from Akebia, the companies entered into shared services agreements. Under the terms of the shared services agreements, Akebia and Aerpio obtain from and provide to each other certain services, as outlined below. These agreements are cancelable upon mutual agreement or a sale of either company.

Below is a summary of the activities included in the statements of operations and comprehensive loss:

Activity	Financial Statement Caption	Year Ended December 31 2016	2015
Payments to Akebia for employee costs	Research and development operating expenses	**$31,246**	$263,501
Payments from Akebia for facility-related charges and employee costs	Reimbursements from Akebia	**1,994**	27,022

A summary of Akebia receivables and payables included in the accompanying balance sheets are as follow:

Activity	Financial Statement Caption	December 31 2016	2015
Amounts receivable from Akebia	Accounts receivable	**$—**	$ 997
Amounts payable to Akebia	Accounts payable	**—**	15,173

4. Furniture and Equipment

Furniture and equipment and accumulated depreciation balances are as follows:

	December 31	
	2016	**2015**
Furniture	**$ 156,928**	$ 143,435
Computers	**111,446**	107,160
Equipment	**141,067**	81,418
Leasehold improvements	**35,869**	—
Total furniture and equipment	**445,310**	332,013
Accumulated depreciation	**(295,715)**	(226,042)
Furniture and equipment, net	**$ 149,595**	$ 105,971

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are as follows:

	December 31	
	2016	**2015**
Accounts payable	**$1,135,608**	$ 890,610
Professional fees	**200,468**	126,722
Accrued bonus	**—**	380,020
Accrued interest	**483,442**	—
Accrued vacation	**52,835**	56,796
Accrued project costs	**541,158**	696,158
Other	**57,459**	9,568
Total accounts payable and accrued expenses	**$2,470,970**	$2,159,874

6. Notes Payable to Investors

In March 2016, the Company entered into a senior secured convertible note financing (the Convertible Notes or Convertible Note Financing) totaling $9,000,000, with certain preferred investors of the Company. All preferred investors were invited to participate in the Convertible Notes Financing. In connection with the Convertible Note Financing, the Company's Articles of Incorporation were amended such that any Preferred Stockholder that did not participate in the Convertible Note Financing would have their respective shares of Preferred Stock automatically converted into Common Stock using a 3-to-1 conversion ratio and such Preferred Stockholders would lose the right to representation on the Company's Board of Directors and other preferred rights.

The Convertible Note Financing had two separate closings of $4,500,000 each on April 14, 2016 and July 15, 2016. Certain Preferred Stockholders chose not to participate in the Convertible Note Financing and their respective Preferred Stock was converted into shares of Common Stock in April 2016 in accordance with the terms of the Articles of Incorporation. The Company treated this as an extinguishment of Preferred Stock. The Convertible Notes accrue interest at 8% per annum, compounded annually. The Company incurred $138,312 of costs in association with the issuance of the Convertible Notes that was amortized over the seven month expected life of the Convertible Notes from the date of issuance (October 31, 2016). The Convertible Notes are also subject to mandatory prepayment upon the occurrence of certain events, such as a liquidation, dissolution, or sale of the Company. In addition and prior to maturity, the Convertible Notes are automatically convertible into shares of capital stock of the Company upon the occurrence of a sale of the Company's capital stock in a single transaction resulting in gross proceeds to the Company of $30,000,000 (hereinafter referred to as an "Investor Sale"). The type and class of capital stock of the Company to be issued to the holder of each Convertible Note upon conversion shall be identical to the type and class of the capital stock issued in the Investor Sale. The holder of each Convertible Note will be entitled to a number of shares of capital determined by dividing (i) the outstanding principal amount of the Convertible Note plus any unpaid accrued interest by (ii) an amount equal to the price per share of capital stock paid by the purchasers of such shares in connection with the Investor Sale. The Convertible Notes are secured by a first priority perfected security interest in all of the Company's assets.

In October 2016 the Company executed an additional senior secured Convertible Note financing (the October Convertible Notes or October Convertible Note Financing) totaling $3,500,000 with a certain preferred investors of the Company. The terms of the October Convertible Notes are identical to the Convertible Notes and are treated as an extension of the original Convertible Note Financing. The Company incurred $125,935 of costs associated with this transaction which will

6. Notes Payable to Investors (continued)

be amortized to the maturity date of March 31, 2017. In connection with the October Convertible Note Financing, the Convertible Notes were amended and their respective maturity dates were extended from October 31, 2016 to March 31, 2017. The amendments are accounted for as a modification for accounting purposes.

7. Redeemable Convertible Preferred Stock

On December 23, 2011, the Company issued 3,094,774 shares of $.00001 par value of Series A Redeemable Convertible Preferred Stock (Series A Preferred Stock) to Akebia's stockholders in exchange for the assignment of certain development programs and related intellectual property, assets, and liabilities as part of the spinout from Akebia (see Note 3). The Company's Series A Preferred Stock and Common Stock were distributed to Akebia's stockholders as a distribution on the basis of 1 share of Aerpio's Series A Preferred Stock for every 35 shares of Akebia's Series A Preferred Stock, 1 share of Aerpio's Series A Preferred Stock for every 100 shares of Akebia's Series B Preferred Stock, and 1 share of Aerpio's Common Stock for every 175 shares of Akebia's Common Stock.

On August 28, 2012, the Company issued 5,882,353 shares of $.00001 par value of Series A1 Redeemable Convertible Preferred Stock (Series A1 Preferred Stock) at $1.70 per share for gross proceeds of $10,000,000, less issuance costs of $210,638, for net proceeds to the Company of $9,789,362. In connection with the financing, the Company exchange its then outstanding convertible promissory notes and accrued interest into 3,646,269 shares of Series A1 Preferred Stock. The exchange was pursuant to the contractual provisions of the promissory notes and was accounted for as an extinguishment and share-settled redemption. In August and November 2013, the Company issued 4,705,882 and 5,294,118 shares, respectively, of Series A1 Preferred Stock at $1.70 for gross proceeds of $8,000,000 and $9,000,000, respectively, and incurred total issuance costs of $94,326.

On April 22, 2014, the Company issued 10,476,182 shares of $.00001 par value Series A2 Redeemable Convertible Preferred Stock (Series A2 Preferred Stock) at $2.10 per share for total gross proceeds of $22,000,000. The Company incurred issuance costs of $168,648 for net proceeds to the Company of $21,831,352.

7. Redeemable Convertible Preferred Stock (continued)

In March 2016, in connection with the Convertible Note Financing described more fully in Note 6, the Company's Articles of Incorporation were amended such that any Preferred Stockholder that did not participate in the Convertible Note Financing would have their respective shares of Preferred Stock automatically converted into Common Stock using a 3-to-1 conversion ratio and such Preferred Stockholders would lose the right to representation on the Company's Board of Directors and other preferred rights. The amendment did not represent an increase in value to the preferred stockholders and was treated as a modification to the Preferred Stock for accounting purposes. Certain shares of redeemable convertible preferred stock held by Preferred Stockholders that elected to not participate in the Convertible Note Financing were converted to shares in the Company's Common stock.

The rights, preferences, and privileges of Preferred Stock are as follows:

Voting

The holders of Preferred Stock are entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock are convertible. Except as provided by law or otherwise, the holders of Preferred Stock vote together with the holders of Common Stock as a single class. Certain significant actions must be approved by at least 50% of the holders of Preferred Stock voting as a single class on an as converted basis. Such significant actions include significant asset transfers, acquisitions, liquidation, amendments to the certificate of incorporation, new indebtedness, repurchase of Common Stock, changes in the authorized numbers of directors constituting the Board of Directors, and the declaration of dividends.

The holders of shares of Preferred Stock are entitled to elect six members of the Company's Board of Directors, which is subject to reduction to not less than four directors under certain circumstances. The holders of shares of Common Stock (including any holders of all shares of Preferred Stock on an as converted basis) are entitled to elect two members of the Company's Board of Directors, which is subject to reduction to one director under certain circumstances.

Dividends

Dividends are payable, if permitted by law, in accordance with Preferred Stock terms or when and if declared by the Board of Directors. Prior to the issuance of Series A2 Preferred Stock, dividends on Series A Preferred Stock and Series A1 Preferred Stock were cumulative and accrued daily at a rate of 6% per annum whether or not declared. As part of the Series A2 Preferred Stock issuance,

7. Redeemable Convertible Preferred Stock (continued)

the dividend provisions for Series A Preferred Stock and Series A1 Preferred Stock were retrospectively amended to be noncumulative with the cumulative provision to begin after the Series A2 Preferred Stock issuance date at a rate of 6% per annum. This amendment did not significantly affect the nature of the Series A Preferred Stock and Series A1 Preferred Stock or their fair value. Accordingly, the amendment was treated as a modification for accounting purposes.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Company, or upon the occurrence of a Deemed Liquidation Event, as defined, at the election of more than 50% of the holders of Series A2 Preferred Stock and Series A1 Preferred Stock, those holders are entitled to be paid, in preference to the holders of Series A Preferred Stock and Common Stock, out of the assets of the Company available for distribution at $2.10 per share for Series A2 Preferred Stock and $1.70 per share for Series A1 Preferred Stock, plus any accrued but unpaid dividends. After the holders of Series A1 Preferred Stock and Series A2 Preferred Stock are satisfied, the holders of Series A Preferred Stock are paid at $1.83 per share, plus any accrued but unpaid dividends before any payment is made to the holders of Common Stock.

In the event the assets of the Company available for distribution to stockholders are insufficient to pay the full amount to which the holder are entitled, the holders of Series A2 Preferred Stock and Series A1 Preferred Stock will share ratably any assets available for distribution in proportion to their relative original investment amounts. Any remaining assets of the Company will be distributed ratably among the holders of Series A Preferred Stock based upon aggregate applicable dividends accrued on Series A Preferred Stock not previously paid.

After the payment of all preferential amounts required to be paid to the holders of Preferred Stock, the remaining assets available for distribution will be distributed among the holders of Preferred Stock and Common Stock based on the pro rata number of shares held by each holder, treating such securities as if they had been converted to Common Stock immediately prior to such dissolution, liquidation, or winding-up of the Company.

7. Redeemable Convertible Preferred Stock (continued)

Conversion

Each share of Preferred Stock is convertible at the option of the holder, at any time and from time to time, into fully paid and non-assessable shares of Common Stock. The initial conversion ratio is one share of Preferred Stock for one share of the Company's Common Stock. The applicable conversion rate is subject to future adjustments upon the occurrence of certain events.

Each share of Preferred Stock is automatically convertible into fully paid and non-assessable shares of Common Stock at the then-applicable conversion ratio, as defined, upon either: (i) the closing of the sale of shares of the Company's Common Stock to the public in an underwritten public offering at a price of $6.30 resulting in at least $40,000,000 of gross proceeds to the Company, or (ii) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of more than 50% of the then outstanding shares of Preferred Stock on an as-converted basis.

The Company evaluated each series of its Preferred Stock and determined that each individual series is considered an equity host under ASC Topic 815, *Derivatives and Hedging.* In making this determination, the Company's analysis followed the whole instrument approach, which compares an individual feature against the entire Preferred Stock instrument that includes that feature. The Company's analysis was based on a consideration of the economic characteristics and risks of each series of Preferred Stock. More specifically, the Company evaluated all of the stated and implied substantive terms and features, including: (i) whether the Preferred Stock included redemption features, (ii) how and when any redemption features could be exercised, (iii) whether the holders of Preferred Stock were entitled to dividends, (iv) the voting rights of the Preferred Stock, and (v) the existence and nature of any conversion rights. The Company concluded that as the Preferred Stock represents an equity host, the conversion feature included in all series of Preferred Stock is clearly and closely related to the associated host instrument. Accordingly, the conversion feature of all series of Preferred Stock is not considered an embedded derivative that requires bifurcation.

The Company accounts for potentially beneficial conversion features under ASC Topic 470-20, *Debt with Conversion and Other Options*. At the time of each of the issuances of Preferred Stock, the Company's Common Stock into which each series of the Company's Preferred Stock is convertible had an estimated fair value less than the effective conversion prices of the convertible Preferred Stock. Therefore, there was no beneficial conversion element on the respective commitment dates.

7. Redeemable Convertible Preferred Stock (continued)

Redemption

Preferred Stock are redeemable on or after July 31, 2017, upon a request by more than 50% of the holders of Preferred Stock then outstanding, payable in three annual installments commencing not more than 60 days following receipt by notice at a price equal to the greater of (i) the applicable original purchase price and dividends accrued but unpaid (Applicable Accrued Value), which is equal to its liquidation preference, or (ii) the Preferred Stock fair value per share. Due to this redemption option, the Shares are recorded in the mezzanine equity and subject to subsequent measurement under the guidance provided under ASC 480-10-S99. In accordance with that guidance, the Company has elected to recognize changes in redemption value immediately as they occur through adjustments to the carrying amounts of the instruments at the end of each reporting period. As of December 31, 2016 and 2015, the redemption values of all series of Preferred Stock were equal to their respective Applicable Accrued Value. The fair values of Preferred Stock are based upon a hybrid of the probability-weighted expected returns method and an option pricing model (OPM), which is a nonrecurring Level 3 fair value measurement within the fair value hierarchy. Under this hybrid model, share value is based on the probability weighted value of the Company in an a potential public trading scenario, in which the Preferred Stock converts to Common Stock, and a second scenario in which equity value is allocated using the OPM. For the public trading scenario, the Company used the guideline public company method under the market approach.

8. Common Stock

As of December 31, 2016, the Company had 40,700,000 shares of authorized Common Stock with par value of $0.00001 per share. The voting, dividend, and liquidation rights of the holders of Common Stock are subject to and qualified by the rights, powers, and preferences of the holders of Preferred Stock. The Common Stock has the following characteristics.

Voting

The holders of Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders and written actions in lieu of meetings. Notwithstanding the foregoing, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to the certificate of incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock or pursuant to General Corporation Law.

8. Common Stock (continued)

Dividends

The holders of Common Stock are entitled to receive dividends, if and when declared by the Board of Directors. The Company may not declare or pay any cash dividends to the holders of Common Stock unless, in addition to obtaining any necessary consents, dividends are paid on each series of Preferred Stock in accordance with their respective terms. Since the Company's inception, no dividends have been declared or paid to the holders of Common Stock.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Company, the holders of Common Stock are entitled to share ratably in the Company's assets available for distribution to stockholders after payment to the holders of Preferred Stock of their liquidation preferences have been satisfied.

Common Stock Reserved for Future Issuance

As of December 31, 2016, the Company has reserved the following shares of Common Stock for future issuance:

Conversion of Series A Preferred Stock	2,892,193
Conversion of Series A1 Preferred Stock	19,345,272
Conversion of Series A2 Preferred Stock	10,468,842
Conversion of unvested restricted stock awards	562,649
Exercise of options to purchase Common Stock	2,164,776
Total	35,433,732

9. Stock-Based Compensation

On November 17, 2011, the Company established the Aerpio Therapeutics, Inc. 2011 Equity Incentive Plan (the Plan). The Plan allows for the grant of either incentive stock options or non-qualified stock options to purchase Common Stock, stock bonuses, or restricted stock awards for management and certain persons performing services for the Company. As of December 31, 2016, a total of 5,860,874 shares of Common Stock were authorized for issuance in accordance with the provisions of the Plan.

9. Stock-Based Compensation (continued)

Stock Options

The options granted generally vest over 48 months. For employees with less than one year's service, options vest in installments of 25% at the one-year anniversary and thereafter in 36 equal monthly installments beginning in the 13 month after the initial Vesting Commencement Date (as defined), subject to the employee's continuous service with the Company. Options granted to other employees vest in 48 equal monthly installments after the initial Vesting Commencement Date, subject to the employee's continuous service with the Company. The options generally expire ten years after the date of grant. The fair value of these options granted is recognized as an expense over the requisite service period.

The fair value of each stock option award granted during the year ended December 31, 2016 and 2015 respectively, was estimated on the grant date using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year Ended December 31	
	2016	**2015**
Expected term (years)	**6.00**	6.00
Risk-free interest rate	**1.39%**	1.97%
Expected volatility	**61.00%**	78.00%
Expected dividend yield	**—**	—

The determination of the fair value of stock option awards on the date of grant using the Black-Scholes option pricing model is affected by the estimated fair value of the Company's common stock price, as well as a number of subjective variables. The Company engaged an independent valuation firm to assist management in estimating the fair value of the Company's Common Stock to be used for purposes of estimating the fair value of options to purchase shares of Common Stock. The Company estimates the expected term of options granted utilizing the simplified method. As there has been no public market for the Company's Common Stock, the Company has determined the volatility assumption for options granted based on data from a peer group of companies that issued options with substantially similar terms. The expected volatility of options granted has been determined using the average of the historical volatility measures of this peer group of companies for a period equal to the expected life of the option. The risk-free interest rate is based on the rate applicable to U.S. Treasury zero-coupon issues, with remaining maturities

9. Stock-Based Compensation (continued)

commensurate with the expected term of the options granted in effect on the date of grant. The Company has not paid, and does not anticipate paying, cash dividends on shares of Common Stock; therefore, the expected dividend yield is assumed to be zero in the option valuation model.

The following table summarizes the stock option activity during 2016:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2016	2,117,852	$ 0.71		$ 135,711
Granted	117,217	0.77		
Exercised	(51,043)	0.37		
Expired/cancelled	(19,250)	0.53		
Outstanding, December 31, 2016	2,164,776	$ 0.72	7.48	$1,030,217
Expected to vest, December 31, 2016	729,391	$ 0.78	8.60	$ 308,767
Options exercisable, December 31, 2016	1,435,385	$ 0.70	6.92	$ 721,451

Aggregate intrinsic value represents the estimated fair value of the Company's Common Stock at the end of the period in excess of the weighted average exercise price multiplied by the number of options outstanding or exercisable. The aggregate intrinsic value of options exercisable at December 31, 2015 was $116,924.

The weighted average grant date fair value of stock options granted during the years ended December 31, 2016 was $0.52. Stock options exercised during 2016 and 2015 had an intrinsic value of $20,335 and $5,813 respectively. Compensation expense for stock options was $180,399 and $125,926 for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016, there was $293,796 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of 2.4 years.

9. Stock-Based Compensation (continued)

Restricted Stock

Shares of restricted stock generally have similar vesting terms as stock options. A summary of the Company's restricted stock activity and related information during 2016 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Nonvested, January 1, 2016	1,036,629	$ 0.72
Granted	—	—
Vested	(473,980)	0.66
Forfeited	—	—
Nonvested, December 31, 2016	562,649	$ 0.78

The Company recognized compensation expense for restricted stock of $307,927 and $343,919 for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016, there was $447,617 of unrecognized compensation cost related to these restricted stock grants, which is expected to be recognized over a weighted average period of 1.7 years.

Compensation Expense Summary

The Company has recognized the following compensation cost related to employee and non-employee stock-based compensation activity:

	Year Ended December 31 2016	2015
Research and development	**$317,644**	$295,304
General and administrative	**170,682**	174,542
Total	**$488,326**	$469,846

10. Income Taxes

There was no current or deferred income tax expense or benefit for the years ended December 31, 2016 and 2015, due to the Company's net losses and increases in its deferred tax asset valuation allowance. The components of loss before income taxes and a reconciliation of the statutory federal income tax with the provision for income taxes are as follows:

	Year Ended December 31	
	2016	**2015**
Federal tax at statutory rate	**34.00%**	34.00%
State and local tax at statutory rates	**0.83**	0.83
Research and development credits	**3.77**	4.06
Change in valuation allowance	**(37.28)**	(38.26)
Other	**(1.32)**	(0.63)
Effective tax rate	**0.00%**	0.00%

The Company's income tax provision was computed based on the federal statutory rate and the average state statutory rates, net of the related federal benefit.

10. Income Taxes (continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income and for tax carryforwards. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31	
	2016	**2015**
Deferred tax assets:		
Net operating loss carryforwards	**$ 23,146,178**	$ 17,427,880
Accrued expenses	**18,400**	143,295
Stock-based compensation	**96,570**	—
Research and development credits	**2,670,688**	2,031,211
Other	**20,784**	19,565
Total deferred tax assets	**25,952,620**	19,621,951
Deferred tax liabilities:		
Stock-based compensation	**—**	2,803
Fixed assets	**8,434**	9,220
Total deferred tax liabilities	**8,434**	12,023
Net deferred tax assets before valuation allowance	**25,944,186**	19,609,928
Less valuation allowance	**(25,944,186)**	(19,609,928)
Net deferred tax asset	**$ —**	$ —

When realization of the deferred tax asset is more likely than not to occur, the benefit related to the deductible temporary differences attributable to operations is recognized as a reduction of income tax expense. Valuation allowances are provided against deferred tax assets when, based on all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. The Company cannot be certain that future taxable income will be sufficient to realize its deferred tax assets, and accordingly, a full valuation allowance has been provided on its net deferred tax assets. The valuation allowance increased $6,334,258 in 2016 and $6,530,455 in 2015 primarily as a result of an increase in the net operating loss (NOL) and research and development credits carryforwards. The Company continues to monitor the need for a valuation allowance based on the profitability of its future operations.

10. Income Taxes (continued)

At December 31, 2016, the Company has approximately $66,464,259 of federal NOL carryforwards and approximately $66,464,259 of state NOL carryforwards that expire at various dates through 2034 and 2019, respectively. At December 31, 2016, the Company had approximately $2,670,688 of federal research and development credit carryforwards that expire at various dates through 2034.

Under the provisions of the Internal Revenue Code, NOL and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. NOL and tax credit carryforwards may be subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders by more than 50% over a three-year period, as defined in Sections 382 and 383 of the Internal Revenue Code and similar state provisions. The amount of the annual limitation is determined based on the value of the Company immediately before the ownership change. Subsequent ownership changes may further affect the limitation in future years. The Company has not completed a study to assess whether a change of control has occurred or whether there have been multiple changes of control since the date of the Company's formation due to the significant complexity and cost associated with such study and that there could be additional changes in control in the future. As a result, the Company is unable to estimate the effect of these limitations, if any, on the Company's ability to utilize NOL and tax credit carryforwards in the future.

The Company has not yet conducted a study to document whether its research activities may qualify for the research and development tax credit. Such a study may result in an adjustment to the Company's research and development credit carryforwards; however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position. A full valuation allowance has been provided against the Company's research and development credit and, if an adjustment is required, this adjustment would be offset by an adjustment to the deferred tax asset established for the research and development credit carryforwards and the valuation allowance.

As of December 31, 2016 and 2015, the Company had no accrued uncertain tax positions or associated interest or penalties and no amounts have been recognized in the Company's statements of operations and comprehensive loss.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The tax years since inception remain open and subject to examination by federal and state taxing authorities.

11. Net Loss per Share

The following table sets forth the computation of the Company's basic and diluted net loss per share for the periods presented:

	Year Ended December 31	
	2016	**2015**
Net loss and comprehensive loss	**$(16,983,511)**	$(17,070,223)
Extinguishment of preferred stock	**224,224**	—
Accretion of preferred stock to redemption value	**(4,152,801)**	(348,436)
Net loss attributable to common stockholders	**$(20,912,088)**	$(17,418,659)
Net loss per share attributable to common stockholders, basic and diluted	**$ (10.51)**	$ (13.52)
Weighted average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	**1,989,863**	1,288,631

The following weighted average common stock equivalents were excluded from the calculation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect:

	December 31	
	2016	**2015**
Convertible preferred stock (if converted)	**32,706,307**	33,099,578
Options to purchase common stock	**1,435,385**	989,845
Convertible notes (if converted)	**6,164,595**	—

12. Commitments and Contingencies

The Company contracts with various organizations to conduct research and development activities. In addition, the Company is a party to a lease covering 7,580 square feet of space in Cincinnati, Ohio that expires in June 2018. Total rent expense for all operating leases in 2016 and 2015 was $214,595 and $160,221 respectively. The lease agreement contains free rent, escalating rent payments and reimbursement for tenant improvements that amounted to $46,390 in fiscal 2016. Rent expense is recorded on the straight-line basis over the initial terms with the differences between rent expense and rent payments recorded as deferred rent. As of December 31, 2016 and 2015, the Company had deferred rent of $49,209 and $8,486, respectively, which is included in accrued expenses in the accompanying balance sheets. As of December 31, 2016, non-cancelable future minimum lease payments under the existing operating lease were $157,418. In addition, as of December 31, 2016, future payments related to other operating commitments arising from contracts related to research and development activities were $2,761,501 due in 2017.

	2017	2018	2019 and Thereafter	Total
Operating leases	$ 104,440	$52,978	$ —	$ 157,418
All other operating commitments	2,761,501	—	—	2,761,501
Total commitments	$2,865,941	$52,978	$ —	$2,918,919

13. Employee Retirement Plan

The Company created Aerpio's 401(k) plan in 2015. Before then, the Company's employees participated in Akebia's 401(k) plan (Akebia Plan). In accordance with both Plans, all employees who have attained the age of 21 are eligible to participate in the Plan as of the first Entry Date, as defined, following the employment date. Each employee can contribute a percentage of compensation up to a maximum of the statutory limits per year. Company contributions are discretionary, and no contributions were made during 2016 and 2015.

14. Employee Bonus Plan

During 2012, the Company established a non-calendar year bonus plan for certain employees of the Company based on the achievement of certain milestones. The amount of bonus accrued at December 31, 2015, was $380,020, which was paid in 2016. No bonus was accrued at December 31, 2016.

15. Subsequent Events

In February 2017, the Company executed a term sheet for a senior secured convertible note financing (the February Convertible Notes or February Convertible Note Financing) totaling $297,355, with certain preferred investor of the Company. The terms of the February Convertible Notes are identical to the Convertible Notes.

Aerpio Therapeutics and Zeta Acquisition Corp. II

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

We were incorporated as Zeta Acquisition Corp. II, or Zeta, in the State of Delaware on November 16, 2007. Prior to the Merger (as defined below), we were a "shell company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

On March 15, 2017, our wholly-owned subsidiary, Aerpio Acquisition Corp., a corporation formed in the State of Delaware on March 3, 2017, or the Acquisition Sub, merged with and into Aerpio Therapeutics, Inc., a corporation incorporated on November 17, 2011 in the State of Delaware referred to herein as Aerpio. Pursuant to this transaction, or the Merger, Aerpio was the surviving corporation and became our wholly-owned subsidiary and the resulting company will be referred to herein as the Company. All of the outstanding capital stock of Aerpio was converted into shares of our Common Stock, as described in more detail below.
Immediately following the Merger, Aerpio was converted into a Delaware limited liability company, or the Conversion.

On March 15, 2017, we changed our name to Aerpio Pharmaceuticals, Inc. by filing the Certificate of Amendment to our Certificate of Incorporation. On March 3, 2017, our board of directors, and on March 10, 2017, our pre-Merger stockholders, approved an Amended and Restated Certificate of Incorporation, which, among other things, would increase our authorized capital stock from 100,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share, to 300,000,000 shares of common stock, par value $0.0001 per share, or the Common Stock, and 10,000,000 shares of undesignated preferred stock, par value $0.0001 per share, respectively. Our Amended and Restated Certificate of Incorporation will be effective upon its filing with the Secretary of State of the State of Delaware on the date that is 20 days after the mailing of a definitive Schedule 14C information statement to our pre- Merger stockholders. On March 15, 2017, our board of directors adopted the Amended and Restated Bylaws.

Immediately following the Conversion, the pre-Merger stockholders of Zeta surrendered for cancellation 4,000,000 of the 5,000,000 shares of the outstanding common stock of Zeta, or the Cancellation. Immediately following the Cancellation, on March 15, 2017, we closed a private placement offering, or the Offering, of 8,049,555 shares of our Common Stock, at a purchase price of $5.00 per share. Additional information concerning the Offering is presented below under Item 2.01, "Merger and Related Transactions—the Offering" and "Description of Securities," and Item 3.02, "Unregistered Sales of Equity Securities."

Immediately following the closing of the Merger, the Conversion, the Cancellation and the Offering, our outstanding shares of Common Stock (on a fully diluted basis) are owned as follows:

- Former holders of Aerpio's capital stock hold an aggregate of 18,000,000 shares of our Common Stock, or approximately 55.8% on a fully diluted basis;
- The other stockholders of Zeta hold 1,000,000 shares of our Common Stock, or approximately 3.1% on a fully diluted basis;

- The Offering resulted in the issuance of an aggregate of 8,049,555 shares of our Common Stock, consisting of 3,512,955 shares issued to existing Company shareholders, 4,536,600 shares issued to new shareholders, or together approximately 24.9% on a fully diluted basis;
- 317,562 shares of Common Stock underlying warrants to brokers as payment for services provided, or approximately 1.0% on a fully diluted basis.
- 300,000 shares of our Common Stock are reserved under the 2017 Employee Stock Purchase Plan, as of the closing date, or approximately 0.9% on a fully diluted basis;
- An aggregate of 4,600,000 shares of Common Stock are reserved for issuance under the 2017 Stock Option and Incentive Plan, or the 2017 Plan, which includes 927,592 options to purchase shares of our Common Stock are granted to employees under the Aerpio 2011 Equity Incentive Plan, together representing approximately 14.3% on a fully diluted basis.

The Merger is being accounted for as a reverse-merger and recapitalization. Aerpio is the acquirer for financial reporting purposes, and Zeta is the acquired company under the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combination*. Consequently, the assets, liabilities and operations that will be reflected in the historical financial statements prior to the Merger will be those of the Company and will be recorded at the historical cost basis of the Company, and the consolidated financial statements after completion of the Merger will include the assets, liabilities and results of operations of Aerpio up to the day prior to the closing of the Merger and the assets, liabilities and results of operations of the combined company from and after the closing date of the Merger. The unaudited pro forma combined financial information is based on individual historical financial statements of Aerpio and Zeta prepared under U.S. GAAP and is adjusted to give effect to the Merger Agreement.

Certain fees associated with the acquisition that were incurred by Aerpio and Zeta, such as fees for legal and financial services, are not reflected in these unaudited pro forma combined financial statements. The unaudited pro forma combined statements of operations eliminate any non-recurring charges directly related to the Merger that the combined entities incur upon completion of the Merger.

The unaudited pro forma combined balance sheet as of December 31, 2016 gives effect to the merger as if it had been consummated on December 31, 2016 and includes adjustments that give effect to events that are directly attributable to the transaction and that are factually supportable. The unaudited pro forma combined statements of operations for the year ended December 31, 2016 gives effect to the merger as if it had been consummated on January 1, 2016 and include adjustments that give effect to events that are directly attributable to the transaction, are expected to have a continuing impact, and that are factually supportable. The notes to the unaudited pro forma combined financial information describe the pro forma amounts and adjustments presented below.

The unaudited pro forma combined financial information does not purport to represent what the combined company's results of operations and comprehensive loss or financial position would actually have been had the Merger occurred on the dates described above or to project the combined company's results of operations and comprehensive loss or financial position for any future date or period.

The unaudited pro forma combined financial information should be read together with (1) Aerpio's audited balance sheets as of December 31, 2016 and 2015 and the related statements of operations and comprehensive loss, statements of redeemable convertible preferred stock and stockholders' deficit and statements of cash flows for the years ended December 31, 2016 and 2015 and the accompanying notes, and (2) Zeta's audited balance sheet as of December 31, 2016 and the related statements of operations and statements of cash flows for the twelve months ended December 31, 2016 and 2015 and the accompanying notes.

Aerpio Therapeutics, Inc. and Zeta Acquisition Corp II
Unaudited Pro Forma Combined Balance Sheets
As of December 31, 2016

	Aerpio Therapeutics (unaudited)	Zeta Acquisition Corp II (unaudited)	Pro Forma Adjustments (unaudited)	Private Placement, net (unaudited)	Combined Pro Forma (unaudited)
Assets					
Current assets:					
Cash and cash equivalents	**$ 1,609,694**	$ 4,012		$35,496,090 (e)	$ 37,109,796
Short-term investments	**50,000**	—	—	—	50,000
Accounts receivable	**4,157**	—	—	—	4,157
Prepaid research and development contracts	**353,434**				353,434
Other current assets	**209,038**	—	—	—	209,038
Total current assets	**2,226,323**	4,012	—	35,496,090	37,726,425
Furniture and equipment, net	**149,595**	—	—	—	149,595
Deposits	**20,960**	—	—	—	20,960
Total assets	**$ 2,396,878**	$ 4,012	$ —	$ 35,496,090	$ 37,896,980
Liabilities, redeemable convertible preferred stock, and stockholders' deficit					
Current liabilities:					
Accounts payable and accrued expenses	**$ 2,470,970**	17,549	(483,442) (a)	—	$ 2,005,077
Accrued interest	**—**	42,378	(42,378) (a)	—	—
Convertible	**12,386,647**	—	(12,386,647) (a)	—	—
Notes payable, stockholders	**—**	170,000	(170,000) (a)	—	—
Total current liabilities	**14,857,617**	229,927	(13,082,467) (a)	—	2,005,077
Series A redeemable convertible preferred stock	**7,016,515**	—	(7,016,515) (b)	—	—
Series A1 redeemable convertible preferred stock	**40,897,311**	—	(40,897,311) (b)	—	—
Series A2 redeemable convertible preferred stock	**25,844,064**	—	(25,844,064) (b)	—	—
Total redeemable convertible preferred stock	**73,757,890**	—	(73,757,890) (b)	—	—
Stockholders' deficit:					
Common stock					
	29	—	(29) (c)	805 (e)	2,704
			124 (c)		
	—	500	(400) (d)	—	
	—	—	274 (a)	—	
			1,401 (b)		
Additional paid-in capital	**—**	—	(95) (c)	—	122,767,352
	—	—	400 (d)	—	
		49,500	—	36,154,780 (e)	
	—	—	13,082,193 (a)	—	
	—	—	73,756,489 (b)	—	
			(275,915) (g)		
Accumulated deficit	**(86,218,658)**	(275,915)	275,915 (g)	(659,495) (e)	(86,878,153)
Total stockholders' deficit	**(86,218,629)**	(225,915)	86,840,357	35,496,090	35,891,903
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	**$ 2,396,878**	$ 4,012	$ —	$ 35,496,090	$ 37,896,980

Aerpio Therapeutics, Inc. and Zeta Acquisition Corp II
Unaudited Pro Forma Combined Statements of Operations and Comprehensive Loss
Year Ended December 31, 2016

	Aerpio Therapeutics Inc. (unaudited)	Zeta Acquisition Corp II (unaudited)	Pro Forma Adjustments (unaudited)		Combined Pro Forma (unaudited)
Operating expenses:					
Research and development	**$ 11,367,590**	—	—		$ 11,367,590
General and administrative	**5,265,995**	29,492			5,295,487
Total operating expenses	**16,633,585**	29,492			16,663,077
Operating loss	**(16,633,585)**	(29,492)			(16,663,077)
Other income:					
Grant income	**131,281**	—	—		131,281
Interest income (expense)	**(482,204)**	(9,942)	493,384	(f)	1,238
Reimbursements from Akebia	**997**	—	—		997
Other expense	**—**	—	—		—
Total other income	**(349,926)**	(9,942)	493,384		133,516
Reconciliation to net loss attributable to common stockholders:					
Net loss and comprehensive loss	**$(16,983,511)**	$ (39,434)	$ 493,384		$(16,529,561)
Net loss attributable to common shareholders	**$(20,912,088)**	$ (39,434)	$ 493,384		$(20,458,138)
Net loss per share attributable to common shareholders, basic and diluted	**$ (10.51)**				$ (0.76)
Weighted-average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	**1,989,863**	—			27,049,555

Merger Pro Forma Adjustments

A – To record the conversion of the convertible notes and related accrued interest of Aerpio into common stock followed by the exchange of such shares for shares of common stock of the new Merged entity, Aerpio Pharmaceuticals with a par value of $0.0001 per share. Also includes the elimination of the notes payable and related accrued interest to the stockholder of Zeta.

B – To record the conversion of the redeemable convertible preferred stock of Aerpio into common stock followed by the exchange of such shares for shares of common stock of the Company, with a par value of $0.0001 per share.

C – To adjust common stock for the 0.43 for 1 exchange at the time of the Merger followed by the exchange of such shares for shares of common stock of the Company, at a par value of $0.0001 per share.

D – To record the cancellation of shares of common stock of Zeta outstanding immediately prior to the Merger.

E – In March 2017, the Company completed a Private Placement Offering (PPO) and issued 8,049,555 shares of common stock, with a par value of $0.0001 per share, at an offering price of $5.00 per share. The proceeds, net of placement agent and other offering expenses estimated at $4.8 million, are $35.5 million. In connection with the PPO, warrants were issued to the Placement Agents to purchase an aggregate of 317,562 shares of common stock. The warrants have a 3 year term and an exercise price of $5.00 per share. The warrants, which are equity classified, were allocated a portion of total offering proceeds on a relative fair value basis. The allocation of proceeds to the warrant created a discount relative to the value of the common stock issued and was recognized as a dividend for financial reporting purposes.

F – The unaudited pro forma condensed statements of operations reflect an adjustment for the reduction in interest expense to reflect the conversion of the convertible notes of Aerpio as if the conversion occurred on January 1, 2016 and the extinguishment of the outstanding debt to the stockholder of Zeta.

G – To eliminate the accumulated deficit of Zeta.

Exhibit 99.3

Aerpio Pharmaceuticals Raises $40 Million

Aerpio Pharmaceuticals successfully completes reverse merger and closes private placement of $40 Million

March 16, 2017 08:00 AM Eastern Daylight Time

CINCINNATI—(BUSINESS WIRE**) —** Aerpio Pharmaceuticals, Inc. (the "Company"), a biopharmaceutical company focused on advancing first-in-class treatments for ocular diseases, today announced the successful completion of its reverse merger transaction with Aerpio Therapeutics, Inc. ("Aerpio") and Aerpio Acquisition Corp. ("Merger Sub"), a wholly-owned subsidiary of the Company. Following the reverse merger transaction, the Company will continue the historical business of Aerpio.

The reverse merger transaction closed on March 15, 2017, pursuant to which Merger Sub merged with and into Aerpio, with Aerpio continuing as the surviving corporation. All outstanding capital stock of Aerpio was converted into shares of the Company's common stock, and all outstanding options to purchase common stock of Aerpio have been converted into options to purchase shares of the Company's common stock.

The Company also announced today the consummation of a private placement for gross proceeds of approximately $40.0 million for the issuance of an estimated 8.0 million shares of common stock at a purchase price of $5.00 per share. Net proceeds from the transaction will be used for development activities, including advancement of the lead program AKB-9778 for the treatment of diabetic retinopathy (DR).

Current investors of Aerpio participated in the offering, including Novartis Venture Fund, OrbiMed, Satter Investment Management, Kearny Venture Partners, Venture Investors, LLC., and Triathlon Medical Ventures. New institutional investors, Montrose Capital Partners and Ally-Bridge, also participated in the offering. Raymond James & Associates, Inc., National Securities Corporation, and Katalyst Securities LLC acted as placement agents in the offering.

Following the completion of the reverse merger transaction and subsequent financing, the Company's Board of Directors is comprised of eight members. Previous members of Aerpio's board of directors, including, Muneer Satter (Chairman), Joseph Gardner, Ph.D., Chau Khuong Ph.D., Anupam Dalal, M.D. and Paul Weiss, Ph.D., will remain on as Directors of the Company. In addition, Caley Castelein, M.D., Pravin Dugel, M.D. and Steven Prelack have joined the Company as Directors.

"Tie2 has steadily gained momentum as one of the most scientifically validated pathways for stabilizing vasculature and now stands at the forefront of new mechanisms being studied to treat retinal disease," noted Joseph Gardner, President & CEO. "The potential of AKB-9778 for patients with DR is significant. Reversing the progression of diabetic eye disease, without repeated injections into the eye, could positively impact the lives of millions of people. The hard work and commitment of our team over the last year, in conjunction with this financing, will allow us to initiate our next study and bring us one step closer to realizing this vision."

"The focus on DR provides a unique opportunity to transform the way diabetic eye disease is treated across the globe," noted Dr. Pravin Dugel, a preeminent retina specialist and one of the Company's newly elected Directors. "I'm excited to have the opportunity to be on the Aerpio team and proud to work on a potentially game-changing therapy for patients with no current treatment options."

In the second quarter of 2017, the Company plans to initiate a 150 patient, double-masked, placebo-controlled, Phase 2B trial of once- and twice-daily dosing of AKB-9778 for 12 months to evaluate the safety and efficacy of AKB-9778 in subjects with moderate to severe DR without diabetic macular edema.

The offering was exempt from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated by the SEC thereunder. The Common Stock in the offering was sold to "accredited investors," as defined in Regulation D, and was conducted on a "reasonable best efforts" basis.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

About Aerpio Pharmaceuticals

Aerpio Pharmaceuticals, Inc. is a biopharmaceutical company focused on advancing first-in-class treatments for ocular disease. The Company's lead program, AKB?9778, is a small molecule activator of the Tie2 pathway and is in clinical development for diabetic retinopathy.

Forward Looking Statements

This press release contains forward-looking statements. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, the Company's anticipated uses of proceeds from the private placement, business and product development plans and market information, including the timeline of, and other developmental plans for, AKB-9778 for diabetic retinopathy or otherwise, and the therapeutic potential of the Company's product candidates, including AKB-9778. Actual results could differ from those projected in any forward-looking statements due to several risk factors. Such factors include, among others, the ability to raise the additional funding needed to continue to develop AKB-9778 or other product development plans, the inherent uncertainties associated with the FDA and drug development process, competition in the industry in which the Company operates and overall market conditions. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents the Company files with the SEC available at www.sec.gov.

Contacts

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