Lynch Frederick J
Form 4
September 12, 2018

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Lynch Frederick J

(Last) (First) (Middle)

C/O MASONITE INTERNATIONAL CORPORATION, 201 N. FRANKLIN ST, SUITE 300

(Street)

TAMPA, FL 33602

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MASONITE INTERNATIONAL CORP [DOOR]

3. Date of Earliest Transaction (Month/Day/Year)
09/11/2018

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	09/11/2018		M		42,785	A	$ 13.64	341,417	D	
Common Shares	09/11/2018		F		13,584 (1)	D	$ 70.6	327,833	D	
Common Shares	09/11/2018		D		8,267	D	$ 70.6	319,566	D	

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

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SEC 1474 (9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Appreciation Right	$ 13.64	09/11/2018		M			42,785	(2)	07/09/2019	Common Shares	42,78

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lynch Frederick J C/O MASONITE INTERNATIONAL CORPORATION 201 N. FRANKLIN ST, SUITE 300 TAMPA, FL 33602	X		President and CEO	

Signatures

/s/ Robert E. Lewis, as attorney-in-fact	09/12/2018
**Signature of Reporting Person	Date

Explanation of Responses:

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

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

(1) Shares withheld by the Issuer to cover the exercise price and tax withholding obligations arising from the exercise of Stock Appreciation Rights reported on this form.

(2) This Stock Appreciation Right vested 30% on July 9, 2010, 30% on July 9, 2011, 20% on July 9, 2012, and 20% on July 9, 2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Treasurer

Robert Shalwitz, M.D.

59 Chief Medical Officer

Nicole R. Hadas

41 Vice President, General Counsel and Secretary

Muneer A. Satter

53 Co-Chairman of the Board of Directors

Campbell Murray, M.D.*

37 Co-Chairman of the Board of Directors

Jack Nielsen

50 Director

Anupam Dalal, M.D.

42 Director

Giovanni Ferrara*

45 Director

Kim Dueholm, Ph.D.

51 Director

Duane Nash, M.D.

43 Director

Michael S. Wyzga

58 Director

* Dr. Murray and Mr. Ferrara resigned immediately prior to the effectiveness of the registration statement of which this prospectus forms a part.

John P. Butler joined Akebia as director in July 2013 and was appointed as the President and Chief Executive Officer of Akebia in August 2013. Prior to joining Akebia, from 2011 until 2013, Mr. Butler served as the Chief Executive Officer of Inspiration Biopharmaceuticals, Inc., a biopharmaceutical company that filed for protection under Chapter 11 of the U.S. Bankruptcy Code in October 2012 prior to the successful sale of its hemophilia assets to Cangene Corporation and Baxter International in early 2013. From 1997 to 2011, Mr. Butler held various positions at Genzyme Corporation, a biopharmaceutical company, most recently serving as President of the company s rare genetic diseases business. From 2002 until 2010, Mr. Butler led Genzyme s renal division. Prior to his work at Genzyme, Mr. Butler held sales and marketing positions at Amgen and Hoffmann-La Roche. Mr. Butler currently serves as the chairman of board of trustees for the American Kidney Fund and a member of the board of directors of Relypsa, Inc. Mr. Butler received a B.A. in Chemistry from Manhattan College and an M.B.A. degree from Baruch College, City University of New York. We believe that Mr. Butler is qualified to serve on our board of directors due to his industry experience in the biotechnology sector, particularly his experience working in the renal disease market.

Jason A. Amello joined Akebia as Senior Vice President, Chief Financial Officer and Treasurer in 2013. Prior to joining Akebia, Mr. Amello served as Executive Vice President, Chief Financial Officer and Treasurer of ZIOPHARM Oncology, Inc., a biopharmaceutical company, from 2012 to 2013. From 2000 to 2011, Mr. Amello held various positions at Genzyme Corporation, most recently as Senior Vice President, Corporate Controller and Chief Accounting Officer. Earlier in his career, Mr. Amello spent 10 years in the business advisory and assurance practice of Deloitte, serving in various roles of increasing responsibility through senior manager. Mr. Amello holds a B.A. from Boston College and is a Certified Public Accountant in the Commonwealth of Massachusetts.

Robert Shalwitz, M.D. co-founded Akebia in 2007. Prior to Akebia, Dr. Shalwitz was Vice President of Clinical Development at Reliant Pharmaceuticals, a biopharmaceutical company, from 2005 to 2007. From 1995 to 2005, Dr. Shalwitz was Medical Director at Abbott Labs. Prior to Abbott Labs, Dr. Shalwitz was an academic pediatric endocrinologist for 10 years, and his research at Washington University in St. Louis and at the Children s Hospital of Orange County (CA) focused on glucose and glycogen metabolism. Dr. Shalwitz received a B.G.S. from the University of Michigan and an M.D. from SUNY Buffalo.

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Nicole R. Hadas joined Akebia as Vice President, General Counsel and Secretary in 2013. Prior to Akebia, Ms. Hadas was Vice President and General Counsel at OvaScience, Inc., a biopharmaceutical company, in 2013. From 2011 to 2013, Ms. Hadas served as the Senior Vice President and General Counsel at Inspiration Biopharmaceuticals, Inc., a biopharmaceutical company that filed for protection under Chapter 11 of the U.S. Bankruptcy Code in October 2012, where she managed the successful sale of its hemophilia assets to Cangene Corporation and Baxter International in early 2013. From 2001 to 2011, Ms. Hadas worked at Genzyme Corporation, most recently as Senior Corporate Counsel. Prior to Genzyme, she was an associate at Foley Hoag representing biopharmaceutical companies and healthcare providers in a wide variety of matters. Ms. Hadas received a B.A. from the University of Michigan and a J.D. from Boston College Law School.

Muneer A. Satter has served as a member of our board of directors since 2012. Mr. Satter has been Chairman at Satter Investment Management LLC since 2012. 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 Co-Head of the Principal Debt Group and Global Head of the Mezzanine Group in the Merchant Banking Division. He is Co-Chairman of the Board of Aerpio Therapeutics, Vital Therapies, Inc. and Linq3 Technologies LLC, and Chairman of the Board of Restorsea Holdings, LLC. He also serves as Vice Chairman of Goldman Sachs Foundation and GS Gives, is a director of The Nature Conservancy and World Business Chicago, is on the Board of Advisors of the American Enterprise Institute and is on the Board of Trustees of Northwestern University. 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.

Campbell Murray, M.D. has served as a member of our board of directors since 2008 and is our Co-Chairman. Dr. Murray has been a Managing Director of Novartis Venture Fund, since 2005. Prior to joining the fund, he worked at the Novartis Institutes for BioMedical Research as the Director of Special Projects. Dr. Murray currently serves on the board of directors of Aerpio Therapeutics, Alios BioPharm, Euthymics Biosciences, Galera Therapeutics, ImaginAb, Neurovance and Tokai Pharmaceuticals. Dr. Murray received a Bachelor of human biology from the University of Auckland Medical School, an M.B.A. from Harvard Business School, an M.P.P. from the John F. Kennedy School of Government, and an MBChB (M.D.) from the University of Auckland Medical School. We believe that Dr. Murray is qualified to serve on our board of directors due to his investment experience in the biotechnology sector.

Jack Nielsen has served as a member of our board of directors since 2013. Mr. Nielsen has worked within the Novo A/S organization and its venture activities since 2001 in several roles, most recently being employed as a Partner based in Copenhagen, Denmark. From 2006 to 2012, Mr. Nielsen was employed as a Partner at Novo Ventures (US) Inc. in San Francisco, where he established the office which provides certain consultancy services to Novo A/S. From 1990-2001, he held various positions in the Novo Nordisk business area which in 2000 became Novozymes A/S. Mr. Nielsen currently serves on the board of directors of Alios BioPharma Inc., Apollo Endosurgery Inc., BioClin Therapeutics Inc., ProteinSimple, Reata Pharmaceuticals Inc. and Tobira Therapeutics Inc. Previously, he was a board member of MediQuest Therapeutics Inc., NeoMend Inc. and Protein Forest Inc. Mr. Nielsen received a M.Sc. in Chemical Engineering from the Technical University in Denmark, and a Master in Management of Technology from Center for Technology, Economics and Management; Technical University of Denmark. We believe that Mr. Nielsen is qualified to serve on our board of directors due to his experience serving on boards in the biotechnology sector.

Anupam Dalal, M.D. has served as a member of our board of directors since 2008. Dr. Dalal has been a managing director at Kearny Venture Partners since 2008. Prior to working at Kearny Venture Partners, Dr. Dalal was a Principal at Flagship Ventures. Dr. Dalal currently serves on the board of directors of Aerpio Therapeutics. Dr. Dalal has served on the board of Resolvyx Pharmaceuticals and Pervasis Therapeutics. Dr. Dalal received a B.A. in Economics from the University of California at Berkley, an M.B.A. from Harvard Business School, and an M.D. from the University of California, San Francisco. Dr. Dalal was Resident in Surgery at Brigham and Women s Hospital / Harvard Medical School. We believe that Dr. Dalal is qualified to serve on our board of directors due to his investment and board experience in the biotechnology sector.

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Giovanni Ferrara has served as a member of our board of directors since 2013. Mr. Ferrara has been a Venture Partner at Novartis Venture Fund since 2011. Prior to joining Novartis, he spent three years as a consultant to west coast venture capital firms and as consulting Chief Business Officer to Sorbent Therapeutics, a biopharmaceutical company. Previously, he was Managing Director and General Partner at Burrill & Company, a venture fund, and began his venture capital career at GeneChem Management, where, in addition to investing, he also held operating positions in portfolio companies, including CEO of Targanta Therapeutics (then Phage Tech, Inc.). Mr. Ferrara received a B.Sc. in Human Genetics and Biology from the University of Toronto, and an M.B.A. and M.Sc. from McGill University. We believe that Mr. Ferrara is qualified to serve on our board of directors due to his management experience in the biotechnology sector.

Kim Dueholm, Ph.D. has served as a member of our board of directors since 2013. Mr. Dueholm has been employed as a partner at Novo A/S since 2000. Prior to joining Novo A/S, Mr. Dueholm spent five years with Novo Nordisk A/S in positions ranging from Patent Portfolio Analyst to Principal Scientific Analyst, from 1995 to 2000. He currently serves on the board of directors of ObsEva SA and Orphazyme ApS. Previously, he was a board member of Core A/S, F-star GmbH, NeuroKey A/S, Novexel S.A., Nuevolution A/S and Symphogen A/S. He is also a member of the editorial board of Expert Opinion on Therapeutic Patents. Mr. Dueholm received an M.Sc. in Chemistry and Business Administration from Odense University, and a Ph.D. in organic chemistry from the University of Copenhagen. We believe that Dr. Dueholm is qualified to serve on our board of directors due to

his management and director experience in the biotechnology sector.

Duane Nash, M.D. has served as a member of our board of directors since 2013. Dr. Nash has been the Executive Vice President since 2013 and Chief Business Officer since 2012 of Vital Therapies, Inc., a biopharmaceutical company. In 2012 and 2013, he also served as Medical Director. Dr. Nash joined Vital Therapies from Wedbush PacGrow Life Sciences, an investment bank, where he was employed from March 2009 to March 2012 serving most recently as Senior Vice President in Equity Research. Before that he was a research analyst at Pacific Growth Equities, an investment bank, from April 2008 through March 2009, which was subsequently acquired by Wedbush Securities, Inc. Dr. Nash also practiced as an attorney from November 2002 to February 2008, most recently at the law firm of Davis Polk, where he focused on intellectual property litigation and corporate matters. Dr. Nash currently serves on the board of directors of Aerpio Therapeutics Inc. Dr. Nash earned a B.A. in biology from Williams College, an M.D. from Dartmouth Medical School, a J.D. from the University of California, Berkeley, and an M.B.A. from the University of Oxford. Dr. Nash completed his internship in general surgery at the University of California at San Francisco. We believe that Dr. Nash is qualified to serve on our board of directors due to his management experience in the biotechnology sector.

Michael S. Wyzga has served as a member of our board of directors since February 2014. Mr. Wyzga has served as the President and Chief Executive Officer and a member of the board of directors of Radius Health, Inc., a biopharmaceutical company focused on developing new therapeutics for the treatment of osteoporosis and other women s health conditions, from December 2011 to November 2013. Prior to that, Mr. Wyzga served in various senior management positions at Genzyme Corporation, a global biotechnology company. Mr. Wyzga joined Genzyme in February 1998 and most recently served as Executive Vice President, Finance from May 2003 until November 2011 and as Chief Financial Officer from July 1999 until November 2011. Mr. Wyzga currently serves on the board of directors of ldenix Pharmaceuticals, Inc., a pharmaceutical company, and Oncomed Pharmaceuticals, Inc., a pharmaceutical company. Mr. Wyzga received a B.S. from Suffolk University and an M.B.A. from Providence College. We believe that Mr. Wyzga is qualified to serve on our board of directors due to his extensive executive and financial leadership.

In addition to the individual attributes of each of our directors listed above, we highly value the collective qualifications and experiences of our board members. We believe the collective viewpoints and perspectives of our directors results in a board that is dedicated to advancing the interests of our stockholders.

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Board Composition and Election of Directors

Board Composition

Our board of directors is currently comprised of seven members. The members of our board of directors were elected in compliance with the provisions of the voting agreement among us and our major stockholders. The voting agreement will terminate upon the closing of this offering and we will have no further contractual obligations regarding the election of our directors. See Certain Relationships and Related Party Transactions. Our directors hold office until their successors have been elected and qualified or until their earlier death, resignation or removal.

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering provide that the authorized number of directors may be changed only by resolution of our board of directors. Our amended and restated certificate of incorporation and amended and restated bylaws also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in an annual election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose, and that any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

In accordance with the terms of our amended and restated certificate of incorporation that will become effective upon the closing of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- the class I directors will be Kim Dueholm and Duane Nash;
- the class II directors will be Anupam Dalal and Jack Nielsen; and
- the class III directors will be John P. Butler, Muneer A. Satter and Michael S. Wyzga.

Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires.

We have no formal policy regarding board diversity. Our priority in selection of board members is identification of members who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business and understanding of the competitive landscape.

Director Independence

Applicable NASDAQ rules require a majority of a listed company s board of directors to be comprised of independent directors within one year of listing. In addition, the NASDAQ rules require that, subject to specified exceptions, each member of a listed company s audit, compensation and nominating and corporate governance committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act. Under applicable NASDAQ rules, a director will only qualify as an independent director if, in the opinion of the listed company s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries.

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In February 2014, our board of directors undertook a review of the composition of our board of directors and its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Anupam Dalal, Kim Dueholm, Duane Nash, Jack Nielsen, Muneer Satter, and Michael Wyzga are independent directors as defined under applicable NASDAQ rules. In making such determination, our board of directors considered the relationships that each such non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining his or her independence, including the beneficial ownership of our capital stock by each non-employee director. Mr. Butler is not an independent director under these rules because he is an employee of Akebia. Please see the section of this prospectus titled Certain Relationships and Related Party Transactions.

There are no family relationships among any of our directors or executive officers.

Board Committees

Effective upon the completion of this offering, our board of directors will have three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Our board of directors may establish other committees from time to time.

Audit Committee

Our audit committee consists of Michael Wyzga, Kim Dueholm and Duane Nash, with Michael Wyzga serving as chairman of the committee. Our board of directors has determined that Michael Wyzga and Duane Nash meet the independence requirements of Rule 10A-3 under the Exchange Act and the applicable listing standards of NASDAQ. Our board of directors has determined that Michael Wyzga is an audit committee financial expert within the meaning of the SEC regulations and applicable listing standards of NASDAQ. The audit committee s responsibilities upon completion of this offering will include:

- appointing, approving the compensation of, reviewing the performance of, and assessing the independence of our independent registered public accounting firm;
- pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing the internal audit plan with the independent registered public accounting firm and members of management responsible for preparing our financial statements;
- reviewing and discussing with management and the 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;
- 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 its review and discussions with management and the independent registered public accounting firm, whether our audited financial statements shall be included in our Annual Report on Form 10-K;

preparing the audit committee report required by the rules of the SEC to be included in our annual proxy statement;

reviewing all related party transactions for potential conflict of interest situations and approving all such transactions; and

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reviewing policies related to risk assessment and risk management; and establishing, maintaining and overseeing our Code of Business Conduct and Ethics.

Compensation Committee

Our compensation committee consists of Anupam Dalal, Jack Nielsen and Muneer Satter, with Anupam Dalal serving as chairman of the committee. Our board of directors has determined that each member of the compensation committee is independent as defined under the applicable listing standards of NASDAQ. The compensation committee s responsibilities upon completion of this offering will include:

annually reviewing and recommending for approval by the independent directors of the board individual and corporate goals and objectives relevant to the compensation of our executive officers;

evaluating the performance of our executive officers in light of such individual and corporate goals and objectives and determining the compensation of our executive officers;

appointing, compensating and overseeing the work of any compensation consultant, legal counsel or other advisor retained by the compensation committee;

conducting the independence assessment outlined in NASDAQ rules with respect to any compensation consultant, legal counsel or other advisor retained by the compensation committee;

annually reviewing and reassessing the adequacy of the committee charter in its compliance with the listing requirements of NASDAQ;

overseeing and administering our compensation and similar plans;

reviewing and approving our policies and procedures for the grant of equity-based awards;

reviewing and making recommendations to the board of directors with respect to director compensation;

reviewing and approving stock option grants, and making recommendations to the board of directors with respect to stock option grants made to directors, executive officers, senior vice presidents or anyone reporting directly to our chief executive officer;

reviewing and discussing with management the compensation discussion and analysis, if any, to be included in our annual proxy statement; and

reviewing and discussing with the board of directors corporate succession plans for the chief executive officer and other senior management positions.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Jack Nielsen, Muneer Satter and Michael Wyzga, with Jack Nielsen serving as chairman of the committee. Our board of directors has determined that each member of the nominating and corporate governance committee is independent as defined under the applicable listing standards of NASDAQ. Following this offering, the nominating and corporate governance committee s responsibilities will 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;

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; and

developing and recommending to the board of directors a set of corporate governance principles.

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Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee. None of the members of our compensation committee has ever been employed by us. For a description of transactions between us and members of our compensation committee and affiliates of such members, please see the section of this prospectus titled Certain Relationships and Related Party Transactions.

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. Upon the closing of this offering, our code of business conduct and ethics will be available on our website. We intend to disclose amendments to the code, or any waivers of its requirements, on our website as may be required by law or NASDAQ stock market listing standards.

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Executive Compensation

This section discusses the material elements of our 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 executive officers named in the Summary Compensation Table below and is intended to place in perspective the information presented in the following tables and the corresponding narrative.

Overview

Historically, our executive compensation program has reflected our growth and corporate goals. To date, the compensation of our executive officers has consisted of a combination of base salary, annual cash bonus, long-term equity incentive compensation in the form of restricted stock and stock options and other employee benefits generally available to our employees. Certain of our executive officers are also entitled to certain compensation and benefits upon certain terminations of employment. Prior to March 3, 2014, these rights were determined pursuant to their employment agreements, as described below. Effective as of March 3, 2014, the rights of our executive officers to compensation and benefits upon a termination of employment will be determined pursuant to their executive severance agreements, as described below.

Our named executive officers for the year ended December 31, 2013 were as follows:

- John P. Butler, our President and Chief Executive Officer;
- Joseph Gardner, Ph.D., our former President and Chief Executive Officer;
- Robert Shalwitz, M.D., our Chief Medical Officer; and
- William Daly, our former Chief Business Officer.

John P. Butler was hired as our President and Chief Executive Officer in September 2013 and appointed as a member of our board of directors effective July 2013. In connection with Mr. Butler s appointment, Dr. Gardner resigned as President and Chief Executive Officer and as a member of our board of directors, although he continues to serve as a consultant to the Company.

We and William Daly mutually agreed to terminate Mr. Daly s employment effective as of February 7, 2014, although he continues to serve as a consultant to the Company, all as described in more detail below under Employment Agreements with Our Named Executive Officers.

Elements of Executive Compensation

Base Salaries. Base salaries for our named executive officers are determined annually by our compensation committee, subject to review and approval by our board of directors, based on the scope of each officer s responsibilities along with his respective experience and contributions to the company during the prior year period. When reviewing base salaries, our compensation committee takes factors into account such as each officer s experience and individual performance, the company s 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. Our annual cash bonus program promotes and rewards our executives for the achievement of key strategic and business goals. The bonus plan period has historically covered the twelve consecutive month period ending each June 30. For 2013, we decided to change the bonus plan period to a calendar year period ending each December 31. As a result, the 2013 bonus plan period covers the 18-month period beginning on July 1, 2012 and ending on December 31, 2013. For the 2013 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 Mr. Butler, Dr. Shalwitz, and Mr. Daly was 30%, 20% and 20%, respectively. At the beginning of the 2013 bonus plan period, our compensation committee established corporate performance goals, each having a designated weighting, that related to key development, strategic and financial goals of the company**.** At the end of the 2013 bonus plan period, our compensation committee met and evaluated the performance of the company against the specified performance goals. For Mr. Daly and Dr. Shalwitz, the payout is dependent in part upon the

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achievement of specified performance goals for Aerpio. The portion of the payout that is dependent on those goals is determined by reference to the amount of time spent by the executive officer on Aerpio matters (5% for Dr. Shalwitz and 30% for Mr. Daly). Based on its evaluation, the compensation committee recommended and the board of directors approved, payment of cash bonuses for the 2013 bonus plan period of: $37,188 for Mr. Butler (which represented 100% of his target bonus, as prorated to reflect his commencement of employment in September 2013), $59,863 for Dr. Shalwitz (which represented 72% of his target bonus), and $40,165 to Mr. Daly (which represented 50% of his target bonus). Due to other benefits provided to Dr. Gardner in connection with his Separation Agreement, Dr. Gardner did not receive a cash bonus for the 2013 bonus plan period.

Equity Awards. Our named executive officers participate in our Akebia Therapeutics, Inc. 2008 Equity Incentive Plan, or the 2008 Equity Incentive Plan. During fiscal 2013, Mr. Butler received a grant of stock options, Dr. Gardner and Dr. Shalwitz received a grant of restricted stock and Mr. Daly received grants of stock options and restricted stock. These stock option and restricted stock grants are subject to time-based vesting conditions and generally vest, subject to continued employment, as to 25% of the shares subject to the award after one year and thereafter continue to vest in quarterly installments over the following three years. These equity awards serve to align the interests of our named executive officers with our shareholders. They also encourage retention through the use of time-based vesting. For more information regarding the awards granted under the 2008 Equity Incentive Plan, please refer to Equity Incentive Plans *2008 Equity Incentive Plan* below.

Benefits. Our named executive officers are eligible for benefits, such as participation in our 401(k) plan and basic health and welfare benefit coverage, 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 our named executive officers during the fiscal years ending December 31, 2013 and 2012.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)	Total ($)
John P. Butler	2013	124,802(5)	37,188		2,126,887	40(4)	2,288,917
President and Chief Executive Officer							
Joseph Gardner, Ph.D.	2013	203,472(8)		1,068,100(12)	50,317(13)	28,530(6)	1,350,419
Former President and Chief Executive Officer	2012	275,000	36,438		44,546	251(4)	356,235
Robert Shalwitz, M.D.	2013	294,140(9)	59,863	943,983		24,982(7)	1,322,968
Chief Medical Officer	2012	269,280	31,680		6,126	455(4)	307,541
William Daly	2013	289,583(10)	40,165	47,990	523,024	697(4)	901,459
Senior Vice President, Business Development	2012	259,375(11)	20,625	57,089		455(4)	337,544

(1) Amounts for 2013 represent cash bonuses earned for the 18-month bonus plan period from July 1, 2012 to December 31, 2013. Amounts for 2012 represent cash bonuses earned for the 12-month bonus plan period from July 1, 2011 to June 30, 2012.

(2) The amount reported in the Stock Awards column granted to our named executive officers represents the retrospective fair value of the stock awards as of the grant date in accordance with ASC, Topic 718.

(3) The amounts reported in the Option Awards column granted to our named executive officers represent the retrospective fair value of the stock options as of the grant date as computed in

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accordance with Accounting Standards Codification, or 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 12 to our consolidated financial statements included elsewhere in this prospectus. 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.

(4) Amounts represent the dollar value of life insurance premiums paid by the company on behalf of the named executive officer.

(5) Mr. Butler joined us in September 2013. Mr. Butler s annual base salary in 2013 was $425,000. The amounts in the table above reflect his partial year of service in 2013.

(6) Amounts include: (i) $522 for the dollar value of life insurance premiums paid by the company and (ii) forgiveness of principal on a portion of promissory notes to the company in the amount of $28,008. See Note 12 under *2013 Outstanding Equity Awards at Fiscal Year-End*.

(7) Amounts include: (i) $696 for the dollar value of life insurance premiums paid by the company and (ii) forgiveness of principal on a portion of promissory notes to the company in the amount of $24,286. See Note 12 under *2013 Outstanding Equity Awards at Fiscal Year-End*.

(8) Dr. Gardner s annual base salary was $275,000 from January 2013 through July 2013, and was $350,000 beginning August 1, 2013. Dr. Gardner resigned as President and Chief Executive Officer and as a member of our board of directors on September 15, 2013. The amounts in the table above reflect his partial year of service in 2013.

(9) Dr. Shalwitz s annual base salary was $269,280 from January 2013 through July 2013, and was $330,000 beginning August 1, 2013.

(10) Mr. Daly s annual base salary was $275,000 from January 2013 through July 2013, and was $310,000 beginning August 1, 2013. The Company and William Daly mutually agreed to terminate Mr. Daly s employment effective as of February 7, 2014, although he continues to serve as a consultant to the Company.

(11) Mr. Daly joined us in January 2012. Mr. Daly s annual base salary in 2012 was $275,000. The amounts in the table above reflect his partial year of service in 2012.

(12) Amount represents the fair value of the following awards at the grant dates: (1) 37,108 shares granted pursuant to the separation agreement described in Employment Agreements with Our Named Executive Officers below and 105,753 shares granted following Mr. Gardner s resignation, in each case in consideration of his prior service as our President and Chief Executive Officer and (2) 33,947 shares granted pursuant to the consulting agreement described in Employment Agreements with Our Named Executive Officers below, as compensation for services to be performed in his new role as consultant to the Company. The amount also includes $15,100 associated with the accelerated vesting of restricted stock pursuant to Dr. Gardner s Separation Agreement.

(13) Amount represents the value associated with accelerated vesting of stock options pursuant to Dr. Gardner s Separation Agreement.

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2013 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding equity awards for each of our named executive officers at December 31, 2013:

	Stock Options				Stock Awards[11]	
Name and Principal Position	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares of Stock That Have Not Vested ($)[10]**
John P. Butler. . . . . . *President and Chief Executive Officer*		612,500[1]	$ 0.47	9/16/2023		
Joseph Gardner, Ph.D. *Former President and Chief Executive Officer*		[2]			[2]	
Robert Shalwitz, M.D.	66,551		$ 0.86	6/1/2018		
Chief Medical Officer	26,012	4,321[3]	$ 0.86	7/28/2020	13,078[6]	97,074
	9,454	9,223[4]	$ 0.86	1/12/2022	127,173[7]	943,983
William Daly					27,388[8]	203,924
Senior Vice President, Business Development		90,472[5]	$ 3.77	12/23/2023	53,835[9]	399,611

(1) Represents options to purchase shares of our common stock granted on September 16, 2013. The remaining unvested shares will vest as follows: 25% vest on September 16, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years through September 16, 2017. Vesting of all unvested options shall accelerate in connection with an acquisition event pursuant to the terms of the option agreement.

(2) In connection with Dr. Gardner s resignation as President and Chief Executive Officer and as a member of our board of directors, all of Dr. Gardner s outstanding equity awards were accelerated and became fully vested as of September 15, 2013 pursuant to his Separation Agreement. Following his separation, 136,855 options with a weighted-average exercise price of $0.86 per share expired unexercised.

(3) Represents options to purchase shares of our common stock granted on July 28, 2010. The remainder of these options vests in equal monthly installments through July 28, 2014. Vesting of all unvested options shall accelerate in connection with an acquisition event pursuant to the terms of the option agreement.

(4) Represents options to purchase shares of our common stock granted on January 12, 2012. The remainder of these options vests in equal monthly installments through December 23, 2015. Pursuant to the terms of the award agreement, vesting of all unvested options shall accelerate in connection with an acquisition, in the event the option is not assumed by the acquirer, or in the event the option is assumed by the acquirer and the executive s employment is terminated or materially diminished within the following 12 months.

(5) Represents options to purchase shares of our common stock granted on December 23, 2013. Prior to cancellation, the remaining unvested shares were scheduled to vest as follows: 25% vest on April 1, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years through April 1, 2017, with vesting of all unvested options accelerating in connection with an acquisition event pursuant to the terms of the option agreement; provided that no shares would vest prior to the occurrence of a liquidity event. All of these options were cancelled pursuant to the Separation Agreement between us and Mr. Daly, as described below.

(6) Under the terms of the June 15, 2011 restricted stock agreement, the remaining unvested shares will vest in equal monthly installments through April 6, 2015. Vesting of all restricted shares shall accelerate in connection with an acquisition event pursuant to the terms of the restricted stock agreement.

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(7) Under the terms of the December 23, 2013 restricted stock agreement, the remaining unvested shares will vest as follows: 25% vest on December 23, 2014, with the remainder of the shares vesting in equal quarterly installments over the following three years through December 23, 2017; provided that no shares or restricted stock would vest prior to the occurrence of a liquidity event. Vesting of all restricted shares shall accelerate in connection with an acquisition event pursuant to the terms of the restricted stock agreement.

(8) Under the terms of the February 21, 2012 restricted stock agreement: 25% vested on January 22, 2013, with the remainder of the unvested shares vesting in equal monthly installments over the following three years through January 22, 2016. Pursuant to the terms of the award agreement, vesting of all unvested shares shall accelerate in connection with an acquisition, in the event the award is not assumed by the acquirer, or in the event the award is assumed by the acquirer and the executive s employment is terminated or materially diminished within the following 12 months. The vesting schedule for these shares was revised pursuant to the Separation Agreement and the Consulting Agreement between us and Mr. Daly, as described below.

(9) Prior to cancellation, under the terms of the April 1, 2013 restricted stock agreement, the remaining unvested shares were scheduled to vest as follows: 25% vest on April 1, 2014, with the remainder of the shares vesting in equal monthly installments over the following three years through April 1, 2017 and vesting of all unvested shares shall accelerate in connection with an acquisition, in the event the award is not assumed by the acquirer, or in the event the award is assumed by the acquirer and the executive s employment is terminated or materially diminished within the following 12 months. All of these shares of restricted stock were cancelled pursuant to the Separation Agreement between us and Mr. Daly, as described below.

(10) The value of the unvested restricted stock was $7.42 per share based on an independent, third-party appraisal of our common stock as of December 31, 2013.

(11) The restricted stock awards for Dr. Gardner and Dr. Shalwitz were purchased using promissory notes issued by the executives to the Company (the Promissory Notes) for $140,884 and $110,692, respectively. The Promissory Notes were amended in 2013 to forgive a portion of the principal owed and to reduce the interest rate from 6% to 3% per annum. The aggregate balance of the outstanding Promissory Notes at December 31, 2013 was $112,831 for Dr. Gardner and $86,406 for Dr. Shalwitz. The Promissory Notes are repayable at the earlier of (a) an initial public offering; (b) the sale of the company or substantially all of its assets; (c) the termination of the employee; or (d) five years from origination. Dr. Shalwitz s note, including accrued interest in the aggregate amount of $88,072, was forgiven on January 30, 2014.

Retention Bonuses

We have established a retention bonus program in which our named executive officers participate. This program provides that if the named executive officers remain employed with us through a Sale of the Company (as defined in the Third Amended and Restated Voting Agreement), they will be paid a bonus in the same form and manner as payments made to holders of our Series C Preferred Stock in connection with the Sale of the Company . Each participant in the program is entitled to a designated percentage of a bonus pool. The designated percentages have not yet been determined and no awards have been made pursuant to this program. The size of the bonus pool is based on (i) the percentage of our fully-diluted equity that is represented by vested awards under our 2008 Equity Incentive Plan immediately prior to a Sale of the Company (up to a maximum of 12.5%) multiplied by (ii) fifty percent of the Applicable Accrued Value (as defined in our eighth amended and restated certificate of incorporation) of our Series C Preferred Stock. We do not expect to maintain the retention bonus program following the consummation of this offering.

Retirement Benefits

We offer a tax-qualified retirement plan, or 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 and no contributions were made during 2013 or 2012.

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Employment Agreements with Our Named Executive Officers

We have entered into an employment agreement with each of our named executive officers, except for Mr. Daly, with whom we entered into an offer letter at the time he commenced employment with us. Each of these employment agreements and offer letter provides for at will employment, meaning that either we or the named executive officer may terminate our employment relationship at any time without cause.

John P. Butler. On September 16, 2013, we entered into an executive employment agreement with Mr. Butler for the position of President and Chief Executive Officer. The executive employment agreement continues until we or Mr. Butler terminates the agreement in accordance with its terms. Mr. Butler currently receives a base salary of $425,000, which is subject to review by our Board of Directors from time to time, and at least every 12 months. Mr. Butler is also eligible to receive an annual performance-based cash bonus of up to 30% of Mr. Butler s base salary, determined by our board of directors and based upon the company s performance and Mr. Butler s performance against objectives established by our board of directors. Mr. Butler is entitled to four weeks of vacation, as well as holidays and sick leave, and (subject to eligibility criteria under the applicable plan) the right to participate in any profit sharing plan, retirement plan, 401(k) plan, group medical plan, group dental plan, and/or other health or insurance plan maintained by us for our senior executives generally and, if applicable, their family members. Mr. Butler is also entitled to reimbursement of all reasonable and necessary business and travel expenses incurred in connection with the performance of his duties.

Dr. Joseph Gardner. On May 2, 2007, we entered into an executive employment agreement with Dr. Gardner for the position of President and CEO; this agreement was subsequently amended on April 6, 2011. Dr. Gardner s base salary during 2013 was $350,000, which was subject to review by our Board of Directors from time to time during his employment, and at least every 12 months. Dr. Gardner was also eligible to participate in discretionary bonus programs on both a quarterly and annual basis, as determined by our Board of Directors, in its sole discretion; provided; that Dr. Gardner was not entitled to payment of any such bonus unless he remained actively employed through the end of the applicable calendar quarter or year. Dr. Gardner was entitled to four weeks of vacation, as well as holidays and sick leave, and (subject to eligibility criteria under the applicable plan) the right to participate in any profit sharing plan, retirement plan, 401(k) plan, group medical plan, group dental plan, and/or other health or insurance plan maintained by us for our senior executives generally and, if applicable, their family members. Dr. Gardner was also entitled to reimbursement of all reasonable and necessary business and travel expenses incurred in connection with the performance of his duties. Dr. Gardner resigned as President and CEO in September 2013. He continues to serve as a consultant. Although Dr. Gardner was not entitled to any severance under his employment agreement upon his termination of employment, we entered into a separation agreement with him that provided for the accelerated vesting of all his then unvested options and restricted stock. The separation agreement also provided Dr. Gardner with an award of 37,018 shares of unrestricted common stock, without consideration therefor, and stated that Dr. Gardner would participate in the retention bonuses described above. The separation agreement also contained a release of claims in favor of the company. Concurrent with the separation agreement, we entered into a standard consulting agreement with Dr. Gardner pursuant to which we granted him 33,947 unrestricted shares of our common stock.

Dr. Robert Shalwitz. On April 6, 2011, we entered into an executive employment agreement with Dr. Shalwitz for the position of Chief Medical Officer and Vice President. Dr. Shalwitz currently receives a base salary of $330,000, which is subject to review by our Board of Directors from time to time, and at least every 12 months. Dr. Shalwitz is also eligible to participate in all bonus or similar incentive plans adopted by our Board of Directors including, without limitation, an incentive compensation plan with a yearly performance-based cash bonus of up to 20% of Dr. Shalwitz s base salary. Dr. Shalwitz is entitled to four weeks of vacation, as well as holidays and sick leave, and (subject to eligibility criteria under the applicable plan) the right to participate in any profit sharing plan, retirement plan, 401(k) plan, group medical plan, group dental plan, and/or other health or insurance plan maintained by us for our senior executives generally and, if applicable, their family members. We pay 100% of Dr. Shalwitz s premiums under our medical and dental plans and 50% of the premiums associated with the coverage of his spouses/dependents under those same plans. Dr. Shalwitz is also entitled to reimbursement of all reasonable and necessary business and travel expenses incurred in connection with the performance of his duties.

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Mr. William Daly. On January 2, 2012, we entered into an offer letter with Mr. Daly for the position of Senior Vice President of Business Development. Under the offer letter, Mr. Daly received an annual base salary of $310,000 and was eligible for performance-based cash bonuses of up to a maximum of 20% of base salary per year. Mr. Daly s offer letter also entitled him to an initial grant of restricted stock under our 2008 Equity Incentive Plan, subject to approval by our board of directors. For more information about the restricted stock grant made to Mr. Daly upon the commencement of his employment in 2012, please see the 2013 Outstanding Equity Awards at Fiscal Year-End table above. Mr. Daly s base salary and incentive compensation were subject to review on an annual basis. Mr. Daly was entitled to participate in all benefit plans as may have been offered by us from time to time during his employment. We and Mr. Daly mutually agreed to terminate Mr. Daly s employment effective as of February 7, 2014. In connection with his resignation, we and Mr. Daly entered into a Separation Agreement and Consulting Agreement. Under the Separation Agreement, Mr. Daly is entitled to twelve months of salary continuation (in an aggregate amount of $310,000) and payment of a portion of his COBRA premiums for a maximum of twelve months (on the same basis as the medical insurance premium paid by us during his employment), as well as a reimbursement of up to $5,000 for legal fees incurred. In addition, the Separation Agreement provides for the following treatment of Mr. Daly s outstanding equity incentive awards: (i) the cancellation, without consideration therefor, of 90,472 stock options granted on December 23, 2013 and 53,835 shares of restricted stock granted on April 1, 2013 and (ii) the continued vesting of 52,582 shares of restricted stock granted on February 21, 2012 during the twelve month period following his separation, with any remaining unvested portion of this restricted stock award vesting on the last day of such twelve month period or, if earlier, upon a change of control of the company (as defined in the consulting agreement) or the termination of the Consulting Agreement by us without cause (as defined in the consulting agreement). Our obligation to provide Mr. Daly with these severance benefits, including the continued vesting of his February 21, 2012 restricted stock award, is conditioned on his continued compliance with the terms of the Consulting Agreement and the Separation Agreement, including the restrictive covenants described below. The Separation Agreement also includes a general release from any liability related to the employment and termination of Mr. Daly.

Under Mr. Daly s Consulting Agreement, he will continue, for a twelve-month period following February 7, 2014, to advise us with respect to, among other things, our business development activities and intellectual property portfolio. As consideration for the performance of these services and his continuing obligation to abide by certain restrictive covenants related to non-competition, non-solicitation and confidentiality, the Consulting Agreement provides Mr. Daly with a grant of 56,000 shares of restricted stock and a $150,000 payment to partially offset a valid Code section 83(b) election. Half of this restricted stock grant vests on the six-month anniversary of the Consulting Agreement, with the remainder vesting on the expiration of the Consulting Agreement or, if earlier, upon a change of control of the company (as defined in the Consulting Agreement) or the termination of the consulting agreement by us without cause (as defined in the Consulting Agreement). If Mr. Daly terminates the consulting agreement for convenience or we terminate it for cause (as defined in the Consulting Agreement), then the vesting of all equity (i.e., the February 21, 2012 restricted stock award and the 56,000 shares of restricted stock provided in consideration for his consulting services) and the payment of all severance and benefits under the Consulting Agreement and the Separation Agreement shall cease.

Involuntary Termination of Employment and Change of Control

Pursuant to their employment agreements, Mr. Butler, Dr. Gardner and Dr. Shalwitz are eligible to receive certain payments and benefits in the event that the executive s employment is terminated by us without cause (as defined in the applicable employment agreement), the executive terminates his employment with us for good reason (as defined in the applicable employment agreement) or, with respect to Dr. Gardner and Dr. Shalwitz (but not Mr. Butler), the executive is terminated in connection with or within six months following a change of control (as defined in the applicable employment agreement). As described below, effective as of March 3, 2014, we entered into a new executive severance agreement with each of Mr. Butler and Dr. Shalwitz. These executive severance agreements supersede the provisions regarding post-separation severance and benefits and equity acceleration in connection with a change of control included in Mr. Butler s and Dr. Shalwitz s employment agreements, which otherwise remain in effect in accordance with their terms. From and after

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March 3, 2014, the rights of Mr. Butler and Dr. Shalwitz to any payments or benefits following a termination of employment will be determined under the executive severance agreements described below.

Under their employment agreements, the severance payable to Dr. Gardner and Dr. Shalwitz in each applicable situation, which is subject in all cases to the execution of a release of claims in our favor and continued compliance with a set of restrictive covenants prohibiting certain competitive behaviors by the executive within the one-year period immediately following his termination of employment, is equal to six months of salary continuation, the Company s payment of the executive s COBRA premiums for a maximum of six months, and six months of participation in our group insurance benefits (other than health insurance) in which the executive participated immediately prior to termination. As noted above, Dr. Gardner resigned as President and CEO on September 15, 2013. Except as described above, no severance was or is payable to Dr. Gardner under his employment agreement in connection with this termination of employment.

Under his employment agreement, the severance payable to Mr. Butler in each applicable situation, which is subject in all cases to the execution of a release of claims in our favor and continued compliance with a set of restrictive covenants prohibiting certain competitive behaviors by Mr. Butler within the one-year period immediately following his termination of employment, is equal to twelve months of salary continuation and the Company s payment of Mr. Butler s COBRA premiums for a maximum of twelve months. In addition, Mr. Butler is entitled to receive a pro-rata portion of his annual target bonus for the calendar year in which his termination of employment occurs.

Executive Severance Agreements

On February 28, 2014, our board of directors adopted a form of executive severance agreement, or ESA, under which our officers, including our named executive officers, are eligible to receive certain payments and benefits in the event that the executive s employment with us is terminated without cause, the executive terminates his or her employment with us for good reason, or the executive is terminated in connection with or within 12 months after a change in control (each as defined in the ESA). The ESAs also provide for accelerated vesting of outstanding and unvested equity awards upon a change in control (as defined in the ESA). Effective as of March 3, 2014, we entered into ESAs with Mr. Butler and Dr. Shalwitz. The terms of the ESAs with Mr. Butler and Dr. Shalwitz supersede the terms of all existing agreements between us and such executives regarding post-separation severance and benefits and equity acceleration in connection with a change of control, including any such terms in the severance provisions of each of their employment agreements, as described above, and any such terms in any outstanding equity award. All other terms of any existing agreement between such executives and us, such as the terms of their existing employment agreements related to compensation and benefits during employment, will otherwise remain in full force and effect in accordance with the terms of such existing agreements.

Termination of Employment without Cause or for Good Reason. Under the ESA, if Mr. Butler s or Dr. Shalwitz s employment is terminated by us without cause or the executive terminates his employment for good reason (each as defined in the ESA), other than following a change in control as described below, the executive will be entitled to receive, in addition to any amounts earned or accrued but unpaid as of the date of termination, 12 months of salary continuation and up to 12 months of reimbursement of a portion of the executive s health and dental COBRA premiums to the same extent as if the executive remained employed. In addition, the executive s unvested equity and equity-based awards will remain outstanding and continue to vest in accordance with their terms during the executive s severance period, as if he had remained employed during that time.

Termination of Employment without Cause or for Good Reason Following a Change in Control. If, within 12 months following a change in control (as defined in the ESA), Mr. Butler s or Dr. Shalwitz s employment is terminated by us without cause or the executive terminates his employment for good reason (each as defined in the ESA), the executive will be entitled to receive, in addition to any amounts earned or accrued but unpaid as of the date of termination, 12 months of salary continuation, up to 12 months of reimbursement of a portion of the executive s health and dental COBRA premiums to the same extent as if the executive remained employed, and an

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amount equal to fifty percent (50%) of the executive s annual target bonus for the year of termination, prorated based on the number of months the executive was employed during the year prior to termination. In addition, the executive s unvested equity and equity-based awards will remain outstanding and continue to vest in accordance with their terms during the executive s severance period, as of he had remained employed during that time.

Conditions to the Receipt of Severance Benefits. The severance payments and benefits described above are conditioned upon Mr. Butler s or Dr. Shalwitz s execution of a general release of claims in our favor and continued compliance with a set of restrictive covenants prohibiting certain competitive behaviors following termination and a prohibition on making certain statements that are disparaging about or adverse to our business interests or that are otherwise intended to harm our reputation for at least one year following termination. In addition, we may terminate severance payments to either Mr. Butler or Dr. Shalwitz if, within one year following a termination without cause, we determine that the Company had the right to terminate his employment for cause.

Accelerated Vesting of Equity upon a Change in Control. Under the ESA, 100% of each of Mr. Butler s and Dr. Shalwitz s outstanding and unvested equity and equity-based awards will become immediately vested upon a change in control, (as defined in the ESA) irrespective of whether his employment terminates in connection with the change in control.

Other Termination of Employment. If Mr. Butler s or Dr. Shalwitz s employment is terminated for any reason other than by us without cause or by the executive for good reason (including by reason of death or disability), the executive will only be entitled to receive any amounts earned or accrued but unpaid as of the date of termination in accordance with our normal policies and practices, including any salary, bonus or incentive compensation with respect to the calendar year prior to the year of termination, business expenses incurred in the performance of the executive s duties, and vacation pay.

280G Cutback. All payments to Mr. Butler or Dr. Shalwitz under the ESA, including, without limitation, the payment of severance benefits or the accelerated vesting of equity, will be reduced or adjusted to avoid triggering the excise tax imposed by Section 4999 of the Code, if such adjustment would result in the provision of a greater total benefit, on a net after-tax basis (after taking into account taking any applicable federal, state and local income taxes and the excise tax imposed by Section 4999), to the executive.

Termination of ESA. Each of Mr. Butler s and Dr. Shalwitz s ESA will terminate immediately upon the mutual agreement of the parties to such ESA, the executive s termination for cause or death, or the executive s disability (defined as the executive s inability by reason of physical or mental impairment to perform his job duties for a period exceeding twelve (12) consecutive weeks).

Equity Incentive Plans

All outstanding equity-based awards have been granted under our 2008 Equity Incentive Plan, as described below. Following this offering, all equity-based awards will be granted under the 2014 Incentive Plan described below.

2008 Equity Incentive Plan

Our Board of Directors and shareholders originally approved the 2008 Equity Incentive Plan, effective as of April 4, 2008. The following summary describes the material terms of the 2008 Equity Incentive Plan, as most recently amended effective August 3, 2013. This summary of the 2008 Equity Incentive Plan is not a complete description of all provisions of the 2008 Equity Incentive Plan and is qualified in its entirety by reference to the 2008 Equity Incentive Plan, which will be filed as an exhibit to the registration statement of which this prospectus is a part.

Administration. The 2008 Equity Incentive Plan is administered by our Board of Directors. Our Board of Directors has the authority to, among other things, determine to which of the eligible persons under the plan

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awards will be granted, determine the type of award to grant, approve forms of award agreements, determine the number of shares subject to, and the terms and conditions of, an award, construe and interpret the plan and awards and establish, amend and revoke rules and regulations for the administration of the plan and awards, correct defects in the plan and awards and generally, to exercise such powers and perform such acts as it deems to be necessary or expedient to make the plan fully effective. Our Board of Directors determinations under the 2008 Equity Incentive Plan are final and conclusive.

Eligibility. Our employees, directors, and consultants are eligible to participate in the 2008 Equity Incentive Plan. Eligibility for stock options intended to be incentive stock options, or ISOs, as defined in Section 422 of the Code, is limited to our employees.

Authorized Shares. Subject to adjustment, as described below, as of January 24, 2014, the number of shares of our common stock reserved for future issuance under the 2008 Equity Incentive Plan is 155,108 shares. The shares of our common stock to be issued under the 2008 Equity Incentive Plan may be authorized but unissued shares of our common stock or previously issued shares of our common stock acquired by us. Any shares of our common stock underlying awards that are settled in cash, forfeited, repurchased or otherwise reacquired by us, expired, cancelled or become unexercisable without having been exercised and any shares of our common stock used to satisfy an applicable tax withholding obligation will again be available for issuance under the 2008 Equity Incentive Plan.

Types of Awards. The 2008 Equity Incentive Plan provides for awards of stock options, restricted stock and unrestricted stock.

Stock options. The exercise price of an ISO may not be less than the fair market value (or, in the case of an ISO granted to a ten percent shareholder, 110% of the fair market value) of shares of our common stock on the date of grant. The exercise price of each non-statutory stock option (or NSO) is the exercise price determined by our Board of Directors. The Board of Directors has set the exercise price of all NSOs granted under the 2008 Equity Incentive Plan at the fair market value of shares of our comment stock as of the actual date of grant. Our Board of Directors will determine the time or times at which stock options become exercisable and the terms on which such awards remain exercisable.

Restricted stock and stock bonuses. A restricted stock award is an award of shares of our common stock subject to forfeiture restrictions. A stock bonus is not subject to such restrictions. Our Board of Directors will determine the time or times at which any applicable vesting conditions and/or repurchase rights on restricted and unrestricted stock awards will lapse.

Vesting; Termination of Employment or Service. Our Board of Directors has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award. In the case of stock options, our Board of Directors may provide for early exercise of unvested options, with the stock received upon such exercise being subject to vesting. Our Board of Directors will determine the effect of termination of employment or service on an award. Unless otherwise provided in an award agreement, upon a termination of a participant s employment or service, all unvested stock options held by the participant on the date notice of termination is given to the optionee will terminate and all other unvested awards will be forfeited and all vested stock options then held by the participant will remain outstanding for one month following the provision of notice of such termination, or, in the case of death or disability, one year following the date of death or the provision of notice of termination by reason of disability or, in each case, until the applicable expiration date, if earlier. All stock options held by a participant immediately prior to the participant s termination of employment or service will immediately terminate if such termination is for cause, as defined in the 2008 Equity Incentive Plan. Unless otherwise provided by our Board of Directors, a stock bonus or restricted stock award shall cease vesting upon a participant s termination of employment or service (and, if applicable, the right to acquire any stock purchasable under such award will cease).

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Non-Transferability of Awards. Awards under the 2008 Equity Incentive Plan may not be transferred other than by will or by the laws of descent and distribution, unless, for awards other than ISOs, otherwise provided in an award agreement (and subject, in the case of restricted stock and unrestricted stock awards to any applicable buy-sell or similar arrangements).

280G cutback. If any payment or right accruing to an individual under the 2008 Equity Incentive Plan would (alone or together with any other payment or right) constitute a parachute payment for purposes of Section 280G of the Code, then such payment or right under the 2008 Equity Incentive Plan will be reduced to the largest amount or greatest right that will result in no portion of such payment or right being a parachute payment . This provision will only apply if the individual would receive less on an after tax basis if he or she did not have his or her payment or right under the 2008 Equity Incentive Plan so reduced.

Certain Transactions; Certain Adjustments. In the event of 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, the Board of Directors will appropriately adjust the maximum number of shares that can be issued under the 2008 Equity Incentive Plan, as well as all outstanding awards, except that no adjustment will be made if it would cause an equity award intended to be an ISO to fail to so qualify.

In the event of a deemed liquidity event (as defined in our certificate of incorporation), our Board of Directors may provide for substitute awards or such alternative consideration, including cash, as it deems equitable in the situation. In the event that our Board of Directors does not provide for such substitution or consideration in connection with a covered transaction, except as otherwise provided in an award agreement, all unexercised options will terminate automatically and, in the case of outstanding unvested restricted stock or stock bonus awards, will be forfeited automatically (in exchange for an amount equal to the original purchase price, if any) upon the consummation of such covered transaction. No additional awards may be made under the 2008 Equity Incentive Plan following a covered transaction.

Amendment; Termination. Our Board of Directors may, in its discretion, amend the 2008 Equity Incentive Plan or suspend or terminate the 2008 Equity Incentive Plan at any time, except that our Board of Directors may not reduce any outstanding award without the participant s written consent. Shareholder approval will be required for any amendment to the 2008 Equity Incentive Plan to the extent such approval is required by law. Unless earlier terminated by our Board of Directors, the 2008 Equity Incentive Plan will terminate by its terms on April 3, 2018.

2014 Incentive Plan

On February 28, 2014, our board of directors adopted the Akebia Therapeutics, Inc. 2014 Incentive Plan, or the 2014 Incentive Plan, and, following this offering, all equity-based awards will be granted under the 2014 Incentive Plan. As of the date of this prospectus, no awards have been made under the 2014 Incentive Plan. The following summary describes the material terms of the 2014 Incentive Plan. This summary of the 2014 Incentive Plan is not a complete description of all provisions of the 2014 Incentive Plan and is qualified in its entirety by reference to the 2014 Incentive Plan, which will be filed as an exhibit to the registration statement of which this prospectus is a part.

Administration. The 2014 Incentive Plan is administered by our compensation committee. Our compensation committee has the authority to, among other things, interpret the 2014 Incentive Plan, determine eligibility for, grant and determine the terms of awards under the 2014 Incentive Plan, and do all things necessary or appropriate to carry out the purposes of the 2014 Incentive Plan. Our compensation committee s determinations under the 2014 Incentive Plan are conclusive and binding.

Eligibility. Our key employees, directors, consultants and advisors are eligible to participate in the 2014 Incentive Plan.

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Authorized Shares. Subject to adjustment, as described below, the maximum number of shares of our common stock that may be delivered in satisfaction of awards under the 2014 Incentive Plan will initially be 1,785,000 shares, plus 195,890 shares that are available for grant under the 2008 Equity Incentive Plan as of the date of the adoption of the Plan. The number of shares of our common stock available for issuance under the 2014 Incentive Plan will be automatically increased annually on January 1 of each calendar year, beginning with the 2015 calendar year and ending with the 2024 calendar year, by an amount equal to three percent (3%) of the number of shares of Stock outstanding on a fully diluted basis as of the close of business on the immediately preceding December 31 (calculated by adding to the number of shares of Stock outstanding, all outstanding securities convertible into Stock on such date on an as converted basis). Our board of directors may act prior to January 1 of any year to provide that there will be no automatic increase in the number of shares available for grant under the 2014 Incentive Plan for that year (or that the increase will be less than the amount that would otherwise have automatically been made). Subject to adjustment, as described below, no more than 1,980,890 shares of our common stock may be delivered in satisfaction of incentive stock options, or ISOs, awarded under the 2014 Incentive Plan.

The shares of our common stock to be issued under the 2014 Incentive Plan may be authorized but unissued shares of our common stock or previously issued shares of our common stock acquired by us. Any shares of our common stock underlying awards that are settled in cash, or the portion of any stock option or stock appreciation right, or SAR, that expires, terminates, or is forfeited prior to the issuance of the stock thereunder, will again be available for issuance under the 2014 Incentive Plan. The number of shares of our common stock delivered in satisfaction of awards will be determined by treating as having been delivered the full number of shares of stock covered by any portion of a SAR that is settled in stock (and not only the number of shares of stock delivered in settlement), as well as by treating as having been delivered any shares withheld in payment of the exercise price of an award or in satisfaction of tax withholding requirements with respect to an award.

Section 162(m) Limits. The maximum number of shares of our common stock subject to stock options and the maximum number of shares of our common stock subject to SARs that may be granted to any participant in the 2014 Incentive Plan in any calendar year is each 875,000 shares. The maximum number of shares of our common stock subject to other awards that may be granted to any participant in the 2014 Incentive Plan in any calendar year is 293,125 shares.

Types of Awards. The 2014 Incentive Plan provides for awards of stock options, SARs, restricted stock, unrestricted stock, stock units, performance awards and other awards convertible into or otherwise based on shares of our common stock. Eligibility for stock options intended to be ISOs is limited to our employees. Dividend equivalents may also be provided in connection with an award under the 2014 Incentive Plan.

Stock options and SARs. The exercise price of a stock option, and the base price against which a SAR is to be measured, may not be less than the fair market value (or, in the case of an ISO granted to a ten percent shareholder, 110% of the fair market value) of shares of our common stock on the date of grant. Our compensation committee will determine the time or times at which stock options or SARs become exercisable and the terms on which such awards remain exercisable. Each stock option and SAR granted under the 2014 Incentive Plan will have a maximum term not to exceed ten (10) years from the date of grant (five (5) years in the case of an ISO granted to a ten percent shareholder).

Restricted and unrestricted stock. A restricted stock award is an award of shares of our common stock subject to forfeiture restrictions, while an unrestricted stock award is not subject to such restrictions.

Stock units. A stock unit award is an award denominated in shares of our common stock that entitles the participant to receive shares of our common stock or cash measured by the value of the shares of our common stock in the future. The delivery of shares of our common stock or cash under a stock unit may be subject to the satisfaction of performance conditions or other vesting conditions.

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Performance awards. A performance award is an award the vesting, settlement or exercisability of which is subject to specified performance criteria (meaning, criteria other than the mere passage of time or continuation of the participant s employment or other service relationship).

Other awards. Other awards are awards that are convertible into or otherwise based on shares of our common stock.

Performance Awards. The 2014 Incentive Plan provides for the grant of performance awards that are made based upon, and subject to achieving, performance criteria. Performance criteria with respect to those awards that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code, or Section 162(m), to the extent applicable, are limited to an objectively determinable measure or measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization, or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures, strategic alliances, licenses or collaborations; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; manufacturing or process development; or achievement of clinical trial or research objectives, regulatory or other filings or approvals or other product development milestones.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), to the extent applicable, our compensation committee may provide in the case of any award intended to qualify for such exception that one or more of the performance criteria applicable to such award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that affect the applicable performance objectives.

Vesting; Termination of Employment or Service. Our compensation committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award. Our compensation committee will determine the effect of termination of employment or service on an award. Unless otherwise provided by our compensation committee, upon a termination of a participant s employment or service, all unvested stock options and SARs then held by the participant will terminate and all other unvested awards will be forfeited and all vested stock options and SARs then held by the participant will remain outstanding for three months following such termination, or one year in the case of death, or, in each case, until the applicable expiration date, if earlier. All stock options and SARs held by a participant immediately prior to the participant s termination of employment or service will immediately terminate if such termination is for cause, as defined in the 2014 Incentive Plan, or occurs in circumstances that would have constituted grounds for the participant s employment or service to be terminated for cause, in the determination of the compensation committee.

Non-Transferability of Awards. Awards under the 2014 Incentive Plan may not be transferred other than by the laws of descent and distribution, unless, for awards other than ISOs, otherwise provided by our compensation committee, and then only to any transferee eligible to be covered by the provisions of Form S-8 (under the Securities Act of 1933).

Recovery of Compensation. Our compensation committee may cancel, rescind, withhold or otherwise limit or restrict any award at any time under the 2014 Incentive Plan if the participant is not in compliance with the provisions of the 2014 Incentive Plan or any award thereunder or if the participant breaches any agreement with our company with respect to non-competition, non-solicitation, confidentiality or invention assignment. Our

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compensation committee also may recover any award or payments or gain in respect of any award under the 2014 Incentive Plan in accordance with any applicable company recoupment policy or as otherwise required by applicable law or applicable stock exchange listing standards.

Certain Transactions; Certain Adjustments. In the event of a consolidation, merger or similar transaction or series of related transactions, including a sale or other disposition of shares of our common stock, in which we are not the surviving corporation or that results in the acquisition of all or substantially all of our then outstanding shares of common stock by a single person or entity or by a group of persons and/or entities acting in concert, a sale of all or substantially all of our assets or our dissolution or liquidation, our compensation committee may, among other things, provide for the continuation or assumption of some or all outstanding awards, for new grants in substitution of outstanding awards, for the accelerated vesting or delivery of shares under awards or for a cash-out of outstanding awards, in each case on such terms and with such restrictions as it deems appropriate. Except as our compensation committee may otherwise determine, awards not assumed in connection with such a transaction will terminate automatically and, in the case of outstanding restricted stock, will be forfeited automatically upon the consummation of such covered transaction. In the event of a stock dividend, stock split or combination of shares, including a reverse stock split, recapitalization or other change in our capital structure that constitutes an equity restructuring within the meaning of FASB ASC 718, our compensation committee will make appropriate adjustments to the maximum number of shares of our common stock that may be delivered under, and the ISO and individual share limits included in, the 2014 Incentive Plan, and will also make appropriate adjustments to the number and kind of shares or securities subject to awards, the exercise prices of such awards or any other terms of awards affected by such change. Our compensation committee will also make the types of adjustments described above to take into account distributions and other events other than those listed above if it determines that such adjustments are appropriate to avoid distortion in the operation of the 2014 Incentive Plan.

Amendment; Termination. Our compensation committee will be able to amend the 2014 Incentive Plan or outstanding awards, or terminate the 2014 Incentive Plan as to future grants of awards, except that our compensation committee will not be able to alter the terms of an award if it would affect materially and adversely a participant s rights under the award without the participant s consent (unless expressly provided in the 2014 Incentive Plan or the right to alter the terms of an award was expressly reserved by our compensation committee at the time the award was granted). Shareholder approval will be required for any amendment to the 2014 Incentive Plan to the extent such approval is required by law, including applicable stock exchange requirements. No awards may be made under the 2014 Incentive Plan following the ten (10) year anniversary of its adoption.

Akebia Therapeutics, Inc. Cash Incentive Plan

On February 28, 2014, our board of directors adopted the Akebia Therapeutics, Inc. Cash Incentive Plan, or the Cash Incentive Plan. Following such date, annual cash award opportunities for executive officers, including our named executive officers, and other key employees will be granted under the Cash Incentive Plan. The following summary describes the material terms of the Cash Incentive Plan. This summary is not a complete description of all provisions of the Cash Incentive Plan and is qualified in its entirety by reference to the Cash Incentive Plan, which will be filed as an exhibit to the registration statement of which this prospectus is a part.

Administration. The Cash Incentive Plan will be administered by our compensation committee. Our compensation committee has authority to interpret the Cash Incentive Plan and awards granted under it, to determine eligibility for awards and to do all things necessary to administer the Cash Incentive Plan. Any interpretation or decision by the compensation committee will be final and conclusive on all participants.

Participants; Individual Limit. Our executive officers and other key employees will be selected from time to time by the compensation committee to participate in the Cash Incentive Plan. The maximum payment to any participant under the Cash Incentive Plan in any fiscal year will in no event exceed $2,000,000.

Awards. With respect to each award granted under the Cash Incentive Plan, the compensation committee will establish the performance criteria applicable to the award, the amount or amounts payable if the performance

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criteria are achieved, and such other terms and conditions as the compensation committee deems appropriate. The Cash Incentive Plan permits the grant of awards that are intended to qualify as exempt performance-based compensation under Section 162(m) of the Code, to the extent applicable, as well as awards that are not intended to so qualify. Any awards that are intended to qualify as performance-based compensation will be administered in accordance with the requirements of Section 162(m), to the extent applicable. Awards under the Cash Incentive Plan will not be required to comply with the provisions of the plan applicable to performance-based compensation under Section 162(m) if they are eligible for exemption from such provisions by reason of the transition relief under Section 162(m).

Performance Criteria. Awards under the Cash Incentive Plan will be made based on, and subject to achieving, performance criteria established by our compensation committee, which may be applied to a participant or participants on an individual basis, to a business unit or division, or to the company as a whole. Performance criteria for awards intended to qualify as performance-based compensation for purposes of Section 162(m), to the extent applicable, are limited to the objectively determinable measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices or the performance of one or more companies and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization, or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; net income; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures, strategic alliances, licenses or collaborations; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; manufacturing or process development; or achievement of clinical trial or research objectives, regulatory or other filings or approvals or other product development milestones.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), to the extent applicable, our compensation committee may provide in the case of any award intended to qualify for such exception that one or more of the performance criteria applicable to such award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that affect the applicable performance objectives.

Payment under an Award. A participant will be entitled to payment under an award only if all conditions to payment have been satisfied in accordance with the Cash Incentive Plan and the terms of the award. Our compensation committee will determine the payment date or dates for awards under the Cash Incentive Plan. Following the close of the performance period, our compensation committee will determine (and, to the extent required by Section 162(m), certify) whether and to what extent the applicable performance criteria have been satisfied. Our compensation committee will then determine the actual payment, if any, under each award. Our compensation committee has the sole and absolute discretion to reduce the actual payment to be made under any award. Our compensation committee may permit a participant to defer payment of an award subject to the requirements of applicable law.

Recovery of Compensation. Awards under the Cash Incentive Plan will be subject to forfeiture, termination and rescission, and a participant who receives a payment pursuant to the Cash Incentive Plan will be obligated to return such payment to us, to the extent provided by our compensation committee in connection with a breach by the participant of the terms of the Cash Incentive Plan, an award agreement under the Cash Incentive Plan or any non-competition, non-solicitation, confidentiality or similar covenant or agreement with our company or an overpayment of incentive compensation due to inaccurate financial data; in accordance with any applicable company recoupment policy; or as otherwise required by law or applicable stock exchange listing standards.

Amendment; Termination. Our compensation committee may amend the Cash Incentive Plan at any time, provided that any amendment will be approved by our shareholders if required by Section 162(m). Our compensation committee may terminate the Cash Incentive Plan at any time.

2014 Employee Stock Purchase Plan

In connection with this offering, on February 28, 2014, our board of directors has adopted the Akebia Therapeutics, Inc. 2014 Employee Stock Purchase Plan, or the ESPP, subject to and effective upon approval by our shareholders. The ESPP is intended to enable our eligible employees to use payroll deductions to purchase shares of our common stock and thereby acquire an interest in the future of our company. The ESPP is also intended to qualify as an employee stock purchase plan under Section 423 of the Code, or Section 423. The following summary describes the material terms of the ESPP. This summary of the ESPP is not a complete description of all provisions of the ESPP and is qualified in its entirety by reference to the ESPP, which is filed as an exhibit to the registration statement of which this prospectus is a part. As of the date of this prospectus, the initial option period under the ESPP has not commenced and our board of directors has not determined the date on which such initial option period will commence.

Administration. The ESPP is administered by our compensation committee, which has the authority to interpret the ESPP, determine eligibility under the ESPP, prescribe forms, rules and procedures relating to the ESPP and otherwise do all things necessary or appropriate to carry out the purposes of the ESPP. Our compensation committee s determinations under the ESPP are final and binding on all participants.

Eligibility. Generally, each of our employees (including employees of participating subsidiaries) will be eligible to participate in the ESPP if such employee has been continuously employed by us (or a participating subsidiary) for at least twenty (20) days as of the first day of an option period, customarily works twenty (20) hours or more per week, customarily works for more than five (5) months in any calendar year and satisfies the other requirements set forth in the ESPP. However, an employee may not be granted an option to purchase shares of our common stock under the ESPP if, immediately after the option is granted, the employee would own stock possessing 5% or more of the total combined voting power or value of all classes of our stock.

Authorized Shares. Subject to adjustment, as described below, the maximum aggregate number of shares of our common stock available for purchase pursuant to the exercise of options granted under the ESPP will be the lesser of (a) 262,500 shares, increased on each anniversary of the adoption of the ESPP by one percent (1%) of the total shares of our common stock then outstanding and (b) 739,611 shares (which is equal to five percent (5%) of the total shares of our common stock outstanding on the date of adoption of the ESPP on a fully diluted, as converted basis).

Option Periods. Unless otherwise determined by the Administrator, the ESPP provides for six-month option periods commencing on the first trading days of January and July and ending on the last trading days of June and December, respectively, of each year. The last day of each such Option Period will be an exercise date. The Administrator may change the exercise date (including the number of exercise dates within each option period) and the commencement date, ending date and duration of the option periods to the extent permitted by applicable law, provided that no exercise date will be later than 7 business days after the end of the applicable option period.

Option Grant. Subject to the limitations in the ESPP, participants in the ESPP will be granted an option on the first day of an option period to purchase shares of our common stock on the last day of the option period (i.e., the exercise date). No employee will be granted an option to purchase shares of our common stock under the ESPP if, immediately after the option is granted, he or she would hold rights to purchase shares of our common stock under all our employee stock purchase plans, including the ESPP, that accrue at a rate that exceeds $25,000 in fair market value for each calendar year.

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Participation. Eligible employees may participate in the ESPP by executing and delivering to our compensation committee a payroll deduction and participation authorization form in accordance with the rules set forth in the ESPP. Eligible employees may only participate in one option period at a time. A participant may decrease his or her payroll deduction once during an option period. Participants may end their participation in a current option period upon notice to our compensation committee and the accrued payroll deductions will be returned to the participant, without interest. Participation ends automatically upon termination of employment with us.

Purchase Price. The purchase price of a share of our common stock issued pursuant to the exercise of an option under the ESPP will be equal to 85% of the lower of the fair market value of our common stock on the first day of the option period or the exercise date.

Exercise of Option. The ESPP will permit participants to purchase shares of our common stock through payroll deductions in whole percentage amounts of up to 15% of their base pay or salary per payroll period. A participant may purchase a maximum of 1,500 shares of our common stock on any exercise date. Subject to the limitations described herein and set forth in the ESPP, on the exercise date of each option period, each participant will be deemed to have exercised his or her option and the participant s accumulated payroll deductions will be applied to purchase shares of our common stock.

Non-transferable. A participant may not transfer an option granted under the ESPP.

Change in capitalization. In the event of a change in our outstanding shares of common stock due to a stock dividend, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the aggregate number and type of shares of our common stock available under the ESPP, the number and type of shares granted under any outstanding option, and the purchase price per share under any outstanding option will be appropriately adjusted in a manner that complies with Section 423.

Merger, sale of assets. In the event of a sale of all or substantially all of our assets, or a merger or similar transaction in which the company is not the surviving corporation or that results in the acquisition of the company by another person, the compensation committee may, in its discretion, (a) if the company is merged with or acquired by another corporation, provide that each outstanding option will be assumed or exchanged for a substitute option granted by the acquiror or successor corporation, (b) cancel each outstanding option, and/or (c) terminate the option period then in effect.

Amendment; Termination. The board has the right to amend, suspend or terminate the ESPP at any time. Unless terminated earlier, the ESPP will automatically terminate in 2024.

Director Compensation

The following table sets forth a summary of the compensation we paid to our non-employee directors during 2013. Other than as set forth in the table below, we did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to any of the other non-employee members of our board of directors in 2013 and 2012. Mr. Butler, our President and Chief Executive Officer, and Dr. Gardner, our former President and Chief Executive Officer, received no compensation for their service as a director, and, consequently, are not included in this table. The compensation received by Mr. Butler and Dr. Gardner as employees during 2013 and 2012 is presented in Summary Compensation Table above.

Name	2013 Stock Awards ($)[1]	2013 All Other Compensation ($)[2]	2012 Stock Awards ($)	2012 All Other Compensation ($)[2]
Anupam Dalal, M.D.		6,398		5,238
Campbell Murray, M.D.				
John Rice		739		863
Paul Weiss		927		6,000
Jack Nielsen		9,236		
Giovanni Ferrara		209		
Duane Nash	352,769[3]			

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(1) The amount reported in the Stock Awards column represents the retrospective fair value of the stock awards as of the grant date.
(2) Amounts represent reimbursement of travel and expenses in connection with the individual s service as a director.
(3) Amount reflects 47,525 shares of restricted stock. Under the terms of the December 23, 2013 restricted stock agreement, 50% of the unvested shares vest on December 23, 2014 and the remaining 50% vests quarterly over the following three years; provided that no shares or restricted stock would vest prior to the occurrence of a liquidity event. Vesting of all restricted shares shall accelerate in connection with an acquisition event pursuant to the terms of the restricted stock agreement. As of December 31, 2013, none of our directors other than the Dr. Nash held stock options or unvested stock awards, and Dr. Nash held 47,525 shares of restricted stock and no stock option.

Non-Employee Director Compensation Policy

Our board of directors has adopted a non-employee director compensation policy, effective as of the completion of this offering, that is designed to enable us to attract and retain, on a long-term basis, highly qualified non-employee directors. Under the policy, each individual who is not an employee (a non-employee director) will be paid cash compensation from and after the completion of this offering, as set forth below:

	Annual Retainer
Board of Directors:	
All non-employee members	$ 35,000
Additional retainer for chair*	$ 20,000
Audit Committee:	
Members	$ 7,500
Additional retainer for chair	$ 15,000
Compensation Committee:	
Members	$ 5,000
Additional retainer for chair	$ 10,000
Nominating and Corporate Governance Committee:	
Members	$ 7,500
Additional retainer for chair	$ 3,750

* In the event a non-employee director is one of two concurrently serving chairmen of our board of directors, the annual additional retainer for each co-chair will be $10,000.

Under our non-employee director compensation policy, each non-employee director who is initially appointed or elected to our board of directors will be eligible to receive a grant of stock option to purchase 10,000 shares of our common stock under our 2014 Incentive Plan at the time of his or her initial appointment or election to our board of directors, which will vest as to 25% of the stock option on the one-year anniversary of the date of grant and the remaining 75% of the stock option will vest ratably on the first day of each calendar quarter between the one-year anniversary of the date of grant and the fourth anniversary of the date of grant, subject to the non-employee director s continuous service through the applicable vesting date. In addition, each continuing non-employee director who has served on the board of directors for at least six months as of the date of any annual meeting will be eligible to receive, on the date of such annual meeting, a grant of stock options to purchase 5,000 shares of our common stock under our 2014 Incentive Plan, which will vest on the first anniversary of the grant date (or, if earlier, immediately prior to the next annual meeting following the date of grant), subject to the non-employee director s continuous service through the applicable vesting date. These stock options will be granted with an exercise price equal to the fair market value of a share of our common stock on the date of grant and will have a 10-year term. Our board of directors has adopted a form of stock option award under the 2014 Incentive Plan (as described below) for our non-employee directors, under which initial and subsequent stock option grants will vest in full upon a change in control (as defined in the form of stock option agreement).

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Certain Relationships and Related Party Transactions

Since January 1, 2010, we have engaged in the following transactions with our directors and executive officers and holders of more than 5% of our voting securities and affiliates of our directors, executive officers and such 5% stockholders. We believe that all of the transactions described below were made on terms no less favorable to us than could have been obtained from unaffiliated third parties.

Preferred Stock Financings

Series A Preferred Stock Financing

In June 2010, we issued and sold an aggregate of 125,000 shares of our Series A preferred stock at a purchase price of $40.00 per share for an aggregate purchase price of $5 million. The following table sets forth the number of shares of our Series A preferred stock that we issued to our directors, executive officers and 5% stockholders at the time of such issuance and their affiliates, in connection with this transaction and the aggregate cash purchase price paid by these related parties:

Investor	Shares of Series A Preferred Stock	Purchase Price ($)
Triathlon Medical Ventures	12,453	498,120
Novartis Bioventures Ltd.	61,250	2,450,000
Venture Investors Early Stage Fund IV	32,747	1,309,889
Kearny Venture Partners, L.P. and affiliates[(1)]	6,806	272,226
Joseph Gardner[(2)]	2,834	113,345
Ian Howes[(3)]	1,250	50,000

(1) Consists of 3,335 shares purchased by Kearny Venture Partners, L.P., 68 shares purchased by Kearny Venture Partners Entrepreneurs Fund, L.P., and 3,403 shares purchased by Thomas Weisel Healthcare Venture.

(2) Consists of 625 shares purchased by Joseph Gardner and 2,209 shares purchased by the Gardner Family Trust. Dr. Gardner was our former President and Chief Executive Officer.

(3) Consists of 1,250 shares purchased by Ian A.W. Howes, IRA, Sterling Trust Custodian. Mr. Howes was our former Chief Financial Officer.

Series B Preferred Stock Financing

In April 2011 and December 2011, we issued and sold an aggregate of 1,287,525 shares of our Series B preferred stock at a purchase price of $14.00 per share for an aggregate purchase price of $18,025,341. As part of this financing, various trusts and other entities affiliated with Muneer A. Satter collectively purchased 260,873 shares of our Series B preferred stock and immediately following this purchase became a beneficial owner of more than 5% of our voting securities. Furthermore, as part of this financing, AgeChem Venture Fund L.P. purchased 173,915 shares of our Series B preferred stock and immediately following this purchase became a beneficial owner of more than 5% of our voting securities.

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The following table sets forth the number of shares of our Series B preferred stock that we issued to our directors, executive officers and 5% stockholders at the time of such issuance and their affiliates, in connection with this transaction and the aggregate cash purchase price paid by these related parties:

Investor	Shares of Series B Preferred Stock	Purchase Price ($)
Triathlon Medical Ventures	124,502	1,743,024
Novartis Bioventures Ltd.	347,831	4,869,630
Venture Investors Early Stage Fund IV	173,915	2,434,815
Kearny Venture Partners, L.P. and affiliates(1)	88,478	1,238,692
Joseph Gardner(2)	18,882	264,354
Robert Shalwitz	2,070	28,986
Ian Howes(3)	5,797	81,161

(1) Consists of 43,355 shares purchased by Kearny Venture Partners, L.P., 884 shares purchased by Kearny Venture Partners Entrepreneurs Fund, L.P., and 44,239 shares purchased by Thomas Weisel Healthcare Venture.
(2) Consists of 11,594 shares purchased by Joseph Gardner and 7,288 shares purchased by the Gardner Family Trust.
(3) Consists of 5,797 shares purchased by Ian A.W. Howes, IRA, Sterling Trust Custodian.

Series X Preferred Stock Financing

In July 2012 and March 2013, we issued and sold an aggregate of 50,000 shares of our Series X preferred stock, at a purchase price of $100.00 per share, for an aggregate purchase price of $5,000,002.

The following table sets forth the number of shares of our Series X preferred stock that we issued to our directors, executive officers and 5% stockholders at the time of such issuance and their affiliates, in connection with this transaction and the aggregate cash purchase price paid by these related parties:

Investor	Shares of Series X Preferred Stock	Purchase Price ($)
Triathlon Medical Ventures	6,576	657,576
Novartis Bioventures Ltd.	15,211	1,521,064
Venture Investors Early Stage Fund IV	8,253	825,348
Kearny Venture Partners, L.P. and affiliates(1)	4,490	449,004
Trusts and Other Entities Affiliated with Muneer A. Satter	3,504	350,394
Joseph Gardner(2)	2,042	204,165
Ian Howes(3)	406	40,631
AgeChem Venture Fund L.P.	2,240	224,026

(1) Consists of 220 shares purchased by Kearny Venture Partners, L.P., 45 shares purchased by Kearny Venture Partners Entrepreneurs Fund, L.P., and 2,245 shares purchased by Thomas Weisel Healthcare Venture.
(2) Consists of 1,694 shares purchased by Joseph Gardner and 348 shares purchased by the Gardner Family Trust.
(3) Consists of 406 shares purchased by Ian A.W. Howes, IRA, Sterling Trust Custodian.

Series C Preferred Stock Conversion

In May 2013, we issued an aggregate of 357,143 shares of Series C preferred stock at an exchange rate of 7.14286 shares of Series C preferred stock for every share of Series X preferred stock.

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The following table sets forth the number of shares of our Series C preferred stock that we issued to our directors, executive officers and 5% stockholders at the time of such issuance and their affiliates, in exchange for their shares of Series X preferred stock:

Investor	Shares of Series C Preferred Stock
Triathlon Medical Ventures	6,576
Novartis Bioventures Ltd.	15,211
Venture Investors Early Stage Fund IV	8,253
Kearny Venture Partners, L.P. and affiliates(1)	4,490
Trusts and Other Entities Affiliated with Muneer A. Satter	3,504
Joseph Gardner(2)	2,042
Ian Howes(3)	406
AgeChem Venture Fund L.P.	2,240

(1) Consists of 2,200 shares held by Kearny Venture Partners, L.P., 45 shares held by Kearny Venture Partners Entrepreneurs Fund, L.P., and 2,245 shares held by Thomas Weisel Healthcare Venture.
(2) Consists of 1,694 shares held by Joseph Gardner and 348 shares held by the Gardner Family Trust.
(3) Consists of 406 shares held by Ian A.W. Howes, IRA, Sterling Trust Custodian.

Series C Preferred Stock Financing

In May 2013, we issued and sold an aggregate of 2,945,742 shares of our Series C preferred stock, at a purchase price of $14.00 per share, for an aggregate purchase price of $41,240,388. As part of this financing, Novo A/S purchased 714,285 shares of our Series C preferred stock and immediately following this purchase became a beneficial owner of more than 5% of our voting securities.

The following table sets forth the number of shares of our Series C preferred stock that we issued to our directors, executive officers and 5% stockholders at the time of such issuance and their affiliates, in connection with this transaction and the aggregate cash purchase price paid by these related parties:

Investor	Shares of Series C Preferred Stock	Purchase Price ($)
Triathlon Medical Ventures	71,428	999,992
Novartis Bioventures Ltd.	600,000	8,400,000
Venture Investors Early Stage Fund IV	142,858	2,000,012
Kearny Venture Partners, L.P. and affiliates(1)	357,143	5,000,002
Trusts and Other Entities Affiliated with Muneer A. Satter	471,425	6,599,950
Robert Shalwitz	2,500	35,000
Joseph Gardner	14,285	199,990
Ian Howes	7,142	99,988

(1) Consists of 292,733 shares purchased by Kearny Venture Partners, L.P., 5,970 shares purchased by Kearny Venture Partners Entrepreneurs Fund, L.P., and 58,440 shares purchased by Thomas Weisel Healthcare Venture.

Indemnification Agreements

Prior to the completion of this offering, we expect to enter into indemnification agreements with each of our directors and executive officers. These agreements will require us to indemnify these individuals and, in certain cases, affiliates of such individuals, to the fullest extent permissible under Delaware law against liabilities that may arise by reason of their service to us or at our direction, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

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Employment Agreements

See the Executive Compensation Employment Agreements with Our Named Executive Officers section of this prospectus for a further discussion of these agreements.

Investors Rights Agreement

In connection with our Series C preferred stock financing, on May 10, 2013, we entered into the Third Amended and Restated Investors Rights Agreement, or the investors rights agreement, with the holders of all of our then-outstanding shares of preferred stock including certain of our executive officers and entities with which certain of our directors are affiliated. The agreement provides that these holders have the right to demand that we file a registration statement with respect to the common stock issued upon conversion of the preferred stock. These holders may also request that shares of common stock held by them be included in certain registration statements that we are otherwise filing. In connection with this offering, we entered into the Fourth Amended and Restated Investors Rights Agreement with the holders of all our outstanding shares of preferred stock including certain of our executive officers and entities with which certain of our directors are affiliated. The Fourth Amended and Restated Investors Rights agreement contains substantially the same terms as the investors rights agreement. See Description of Capital Stock Registration Rights.

Right of First Refusal and Co-Sale Agreement

In connection with our Series C preferred stock financing, on May 10, 2013, we entered into an amendment to the Second Amended and Restated Right of First Refusal and Co-Sale Agreement with the holders of all of our then-outstanding shares of preferred stock including certain of our executive officers and entities with which certain of our directors are affiliated. Pursuant to the terms of this agreement, in the event of a proposed sale of shares of our common or preferred stock, the seller is required to first offer such shares to the company and to the other investors, subject to certain conditions and restrictions. This agreement will terminate upon the completion of this offering.

Voting Agreement

In connection with our Series C preferred stock financing on May 10, 2013, we entered into the Third Amended and Restated Voting Agreement with the holders of all of our then-outstanding shares of preferred stock including certain of our executive officers and entities with which certain of our directors are affiliated, with respect to the election of directors and certain other matters. All of our current directors were elected pursuant to the terms of this agreement. This agreement will terminate upon the completion of this offering.

Services Agreement

In connection with the spin out of our programs focused on the treatment of diabetic eye disease and inflammatory bowel disease into Aerpio, we entered into two administrative services agreements with Aerpio, the first on December 22, 2011, as amended and restated on August 27, 2012, and the second on November 1, 2012.

Under the terms of the administrative services agreements, starting in 2012, we and Aerpio have obtained from and provided to each other certain services. These services include consulting services, access to Aerpio s office facilities in Ohio and Michigan, shared use of IT equipment (including internet and phone networks), and use of Aerpio s office equipment and furniture. The consulting services include research and development, finance, and administrative services. The agreement also requires the parties to cooperate with each other to facilitate the transition of certain assets, employees and programs to Aerpio in connection with the spin out, and for us to make certain of our employees, including Dr. Shalwitz, our Chief Medical Officer, available for specified amounts of time to work on Aerpio projects.

The scope of consulting services provided to Aerpio under the agreement has declined since 2012, and we anticipate this trend to continue. Aerpio reimbursed us for employee costs in the amount of $2.0 million for the year ended December 31, 2012 and $1.0 million for the year ended December 31, 2013. Aerpio paid us for facility related charges in the amount of $0.2 million for the year ended December 31, 2012 and $0.3 million

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for the year ended December 31, 2013. We paid Aerpio $0.2 million for the year ended December 31, 2012, and $0.3 million for the year ended December 31, 2013. As of December 31, 2013, the amounts due from Aerpio to us total $135,339, and the amounts due from us to Aerpio total $62,735.

Promissory Notes

We issued promissory notes to Joseph Gardner, our former President and Chief Executive Officer, in the aggregate amount of $140,839. Dr. Gardner used these promissory notes to purchase restricted stock awards, as described in Executive Compensation 2012 Outstanding Equity Awards at Fiscal Year-End. The promissory notes were amended in 2013 to forgive a portion of the principal owed and to reduce the interest rate from 6% to 3% per annum. As of February 13, 2013, the current balance of the outstanding promissory notes was $112,831. The promissory notes are repayable at the earlier of (a) an initial public offering; (b) the sale of the company or substantially all of its assets; (c) the termination of the employee; or (d) five years from origination.

Related Person Transactions Policy

We have adopted a related person transaction approval policy that will govern the review of related person transactions following the closing of this offering. Pursuant to this policy, if we want to enter into a transaction with a related person or an affiliate of a related person, our Chief Financial Officer will review the proposed transaction to determine, based on applicable NASDAQ and SEC rules, if such transaction requires pre-approval by the audit committee and/or board of directors. If pre-approval is required, such matters will be reviewed at the next regular or special audit committee and/or board of directors meeting. We may not enter into a related person transaction unless our Chief Financial Officer has either specifically confirmed in writing that no further reviews are necessary or that all requisite corporate reviews have been obtained.

Participation in this Offering

Certain of our existing stockholders and their affiliated entities, including holders of more than 5% of our common stock, have agreed to purchase an aggregate of 887,929 shares of our common stock in this offering at the initial public offering price.

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Principal Stockholders

The following table sets forth information relating to the beneficial ownership of our common stock as of February 28, 2014 by: each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of common stock; each of our directors; each of our named executive officers; and all directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of February 28, 2014 through the exercise of any stock options or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 13,462,580 shares of our common stock outstanding as of February 28, 2014, which reflects the assumed conversion of all of our outstanding shares of preferred stock into an aggregate of 12,077,070 shares of common stock as of such date. Shares of our common stock that a person has the right to acquire within 60 days of February 28, 2014 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Akebia Therapeutics, Inc., 245 First Street, Suite 1100 Cambridge, MA 02142.

Certain of our existing stockholders and their affiliated entities, including holders of more than 5% of our common stock, have agreed to purchase shares of our common stock in this offering at the initial public offering price. The following table does not reflect any such purchases by these existing principal stockholders or their affiliated entities.

		Percentage of shares beneficially owned	
Name and address of beneficial owner	**Number of shares beneficially owned****	**Before offering**	**After offering**
5% or greater stockholders:			
Novartis Bioventures Ltd.[(2)]	3,214,972	23.9%	16.6%
Venture Investors Early Stage Fund IV[(3)]	1,447,755	11.0%	7.5%
Trusts and Other Entities Affiliated with Muneer A. Satter[(6)]	1,435,184	10.7%	7.4%
Kearny Venture Partners, L.P. and related funds[(4)]	1,335,594	9.9%	6.9%
Novo A/S[(5)]	1,325,636	9.9%	6.9%
Triathlon Medical Ventures[(1)]	1,114,080	8.3%	5.8%
Directors and named executive officers:			
Joseph H. Gardner[(7)]	488,918	3.6%	2.5%
John P. Butler[(10)]	0	*	*
William Daly[(8)]	133,728	1.0%	*
Robert Shalwitz, M.D.[(9)]	370,533	2.7%	1.9%
Muneer A. Satter[(6)]	1,435,184	10.7%	7.4%
Campbell Murray, M.D.[(2)]	3,214,972	23.9%	16.6%
Jack Nielsen	0	*	*
Anupam Dalal, M.D.	0	*	*
Giovanni Ferrara[(2)]	3,214,972	23.9%	16.6%

Kim Dueholm	0	*	*
Duane Nash	47,524	*	*
Michael S. Wyzga(11)	0	*	*
All executive officers and directors as a group (12 persons)	5,140,836	37.9%	26.5%

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* Represents beneficial ownership of less than one percent of our outstanding common stock.

** Fractional shares have been rounded down to the nearest whole number.

(1) Consists of 35,000 shares of common stock, 640,477 shares of common stock issuable upon conversion of Series A preferred stock, 217,878 shares of common stock issuable upon conversion of Series B preferred stock and 220,725 shares of common stock issuable upon conversion of Series C preferred stock held by Triathlon Medical Ventures Fund. Its general partner, Triathlon Medical Ventures LLC, has sole voting and investment control over the shares owned by Triathlon Medical Ventures Fund. The members of Triathlon Medical Ventures LLC, John Rice, Carrie Bates, Suzette Dutch and Dennis Costello, have sole voting and investment power for Triathlon Medical Ventures LLC with respect to its voting power in its capacity as the general partner for the shares held by Triathlon Medical Ventures Fund.

(2) Consists of 1,285,155 shares of common stock issuable upon conversion of Series A preferred stock, 608,703 shares issuable upon conversion of Series B preferred stock and 1,321,114 shares of common stock issuable upon conversion of Series C preferred stock held by Novartis Bioventures Ltd, a Bermuda corporation. 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. Mr. Campbell Murray and Mr. Giovanni Ferrara, two members of our Board of Directors (of which Mr. Murray is co-Chairman), are also employees of a corporation that is affiliated with Novartis Bioventures Ltd. They also disclaim beneficial ownership of shares held by Novartis Bioventures Ltd., except to the extent of their pecuniary interest arising as a result of their employment by that affiliate. Novartis Bioventures Ltd is an indirectly-owned subsidiary of Novartis AG. Novartis Bioventures Ltd. has agreed to purchase 182,590 shares in this offering. This will increase their after offering ownership in Akebia to 17.6%.

(3) Consists of 767,172 shares of common stock issuable upon conversion of Series A preferred stock, 304,351 shares of common stock issuable upon conversion of Series B preferred stock and 376,232 shares of common stock issuable upon conversion of Series C preferred stock. Venture Investors Early Stage Fund IV Limited Partnership is a Delaware Limited Partnership. Its General Partner, VIESF IV GP LLC, has sole voting and investment control over the shares owned by Venture Investors Early Stage Fund IV Limited Partnership. 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 Venture Investors Early Stage Fund IV Limited Partnership. 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. Venture Investors Early Stage Fund IV has agreed to purchase 73,036 shares in this offering. This will increase their after offering ownership in Akebia to 7.9%.

(4) Consists of (i) 223,030 shares of common stock issuable upon the conversion of Series A preferred stock, 75,870 shares of common stock issuable upon conversion of Series B preferred stock and 575,032 shares of common stock issuable upon conversion of Series C preferred stock that are held directly by Kearny Venture Partners, L.P. (KVP), (ii) 4,548 shares of common stock issuable upon the conversion of Series A preferred stock, 1,547 shares of common stock issuable upon conversion of Series B preferred stock and 11,727 shares of common stock issuable upon conversion of Series C preferred stock held by Kearny Venture Partners Entrepreneurs Fund, L.P. (KVPE), and (iii) 227,579 shares of common stock issuable upon conversion of Series A preferred stock, 77,418 shares of common stock issuable upon conversion of Series B preferred stock and 138,843 shares of common stock issuable upon conversion of Series C preferred stock that are held directly by Thomas Weisel Healthcare Venture Partners, L.P. (TWHVP). Each of KVP, KVPE and TWHVP is a Delaware limited partnership. The general partner of both KVP and KVPE is Kearny Venture Associates, L.L.C. (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

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except to the extent of any pecuniary interest therein. The address of KVA is 88 Kearny Street, San Francisco, CA 94108. The general partner of TWHVP is Thomas Weisel Healthcare Venture Partners LLC (TWP GP). TWP GP has the sole voting and investment control over the shares owned by TWHVP, and the investment committee of TWP GP has sole voting and investment control over the shares controlled by TWP GP. The investment committee of TWP GP consists of Richard Spalding and James Shapiro, neither of whom 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 TWP GP is One Montgomery St., San Francisco, CA 94104. KVP has agreed to purchase 216,057 shares in this offering and KVPE has agreed to purchase 4,409 shares. This will increase the after offering ownership of Kearny Venture Partners, L.P. and their related funds in Akebia to 8.1%.

(5) Consists of 1,325,636 shares of common stock issuable upon conversion of Series C preferred stock. Novo A/S is a Danish limited liability company. The board of directors of Novo A/S, which consists of Sten Scheibye, Göran Ando, Jørgen Boe, Jeppe Christiansen, Steen Risgaard and Per Wold Olsen, has shared investment and voting control with respect to the shares held by Novo A/S and may exercise such control only with the support of a majority of the members of the Novo A/S board of directors. As such, no individual member of the Novo A/S board of directors is deemed to hold any beneficial ownership or reportable pecuniary interest in the shares held by Novo A/S. Mr. Nielsen and Mr. Dueholm, two members of our board of directors, are employed as Partners of Novo A/S. Neither Mr. Nielsen nor Dr. Dueholm are deemed beneficial owners of, nor do they have a reportable pecuniary interest in, the shares held by Novo A/S. The address of Novo A/S is Tuborg Havnevej 19, 2900 Hellerup, Denmark. Novo A/S has agreed to purchase 182,590 shares in this offering. This will increase their after offering ownership in Akebia to 7.9%.

(6) Consists of 456,526 shares of common stock issuable upon conversion of Series B preferred stock and 978,658 shares of common stock issuable upon conversion of Series C preferred stock held by Muneer A. Satter Revocable Trust and various other trusts and other entities for which Mr. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive control over all such shares. Various trusts and other entities for which Mr. Satter serves as trustee, investment advisor or manager and, in such capacity, has sole voting and dispositive control over all such shares have agreed to purchase a combined total of 91,295 shares in this offering. This will increase their collective ownership in Akebia to 7.8%.

(7) Joseph Gardner is the Company s former Chief Executive Officer. This number consists of (i) 216,717 shares of common stock, 105,637 shares of restricted stock, 45,194 shares of common stock issuable upon conversion of Series A preferred stock, 20,290 shares of common stock issuable upon conversion of Series B preferred stock and 49,185 shares of common stock issuable upon conversion of Series C preferred stock held by Joseph Gardner and (ii) 34,509 shares of common stock issuable upon conversion of Series A preferred stock, 12,754 shares of common stock issuable upon conversion of Series B preferred stock and 4,632 shares of common stock issuable upon conversion of Series C preferred stock held by the Gardner Family Trust.

(8) Consists of 108,592 shares of restricted stock and 25,146 shares of common stock issuable upon conversion of Series C preferred stock.

(9) Consists of (i) 20,000 shares of common stock, 214,980 shares of restricted stock, 4,247 shares of common stock issuable upon conversion of Series A preferred stock, 3,623 shares of common stock issuable upon conversion of Series B preferred stock and 4,660 shares of common stock issuable upon conversion of Series C preferred stock held by Robert Shalwitz and (ii) 17,015 shares of common stock issuable upon conversion of Series A preferred stock held by Fred Shalwitz Trust.

(10) John Butler, the Company s President and Chief Executive Officer, agreed to purchase 13,850 shares in this offering. This will not change his ownership percentage.

(11) Michael S. Wyzga agreed to purchase 1,500 shares in this offering. This will not change his ownership percentage.

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Description of Capital Stock

General

The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our ninth amended and restated certificate of incorporation and amended and restated bylaws that will be in effect at the closing of this offering, which will be filed as exhibits to the registration statement of which this prospectus is a part, and to the applicable provisions of the Delaware General Corporation Law. We refer in this section to our ninth amended and restated certificate of incorporation as our certificate of incorporation, and we refer to our amended and restated bylaws as our bylaws. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

Upon the closing of this offering, our authorized capital stock will consist of 175,000,000 shares of our common stock, par value $0.00001 per share, and 25,000,000 shares of our preferred stock, par value $0.00001 per share, all of which preferred stock will be undesignated.

As of December 31, 2013, we had issued and outstanding:

- 1,383,345 shares of our common stock, which included 957,189 shares of restricted stock;
- 5,324,948 shares of our preferred stock that were convertible into 12,002,329 shares of our common stock as of such date; and
- options to purchase a total of 1,251,398 shares of our common stock with a weighted-average exercise price of $1.01 per share.

As of December 31, 2013, we had 44 stockholders of record.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as the board of directors may from time to time determine.

Voting Rights. Each outstanding share of common stock will be entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock shall have no cumulative voting rights.

Conversion or Redemption Rights. Our common stock will be neither convertible nor redeemable.

Liquidation Rights. Upon our liquidation, dissolution or winding up, the holders of our common stock will be entitled to receive pro rata our assets which are legally available for distribution, after payment of all debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

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

Preferred Stock

All currently outstanding shares of preferred stock will be converted automatically to common stock upon the completion of this offering.

Following the completion of this offering, our board of directors will have the authority, without further action by our stockholders, to issue up to 25,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us and may adversely affect the market price of our common stock and the voting and other rights of the holders of our 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 common stock until the board of directors determines the specific rights attached to that preferred stock.

We have no present plans to issue any shares of preferred stock.

Registration Rights

After our initial public offering, holders of 13,171,517 shares of our common stock issued or issuable will be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are collectively referred to herein as registrable shares. These rights are provided under the terms of the investors rights agreement, and include demand registration rights, Form S-3 registration rights and piggyback registration rights. These registration rights are subject to conditions and limitations, including the right, in certain circumstances, of the underwriters of an offering to limit the number of shares included in such registration and our right, in certain circumstances, not to effect a requested S-1 or S-3 registration within 60 days before or 180 days following our estimated date of filing of a registration statement pertaining to an underwritten public offering of securities for the account of an offering of our securities, including this offering.

Demand Registration Rights

Under the terms of the investors rights agreement, following the six-month anniversary of the completion of this offering, the holders of at least 30% of the registrable shares may require us to file a registration statement on Form S-1 under the Securities Act at our expense with respect to the resale of their registrable shares as soon as practicable, and in any event within 60 days after the date of the request for registration. We are required to effect only two registrations pursuant to this provision of the investors rights agreement.

Under the terms of the investors rights agreement, if we are eligible to file a registration statement on Form S-3, the holders of at least 30% of the registrable shares may require us to file a registration statement on Form S-3 at our expense with respect to the resale of their registrable shares as soon as practicable, and in any event within 45 days after the date of the request for registration. We are required to effect only three registrations pursuant to this provision of the investors rights agreement.

Piggyback Registration Rights

Under the terms of the investors rights agreement, if we propose to register any of our common stock under the Securities Act in connection with the public offering of such securities solely for cash except for certain excluded registrations, the holders of registrable shares are entitled to notice of such registration and to request that we include registrable shares for resale on such registration statement, subject to our right to terminate or withdraw any registration we initiate prior to its effective date and the right of any underwriter to limit the number of shares included in such registration.

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Expenses of Registration

We will pay all expenses relating to any demand, Form S-3 or piggyback registration, other than underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of registrable securities, subject to specified conditions and limitations.

Anti-Takeover Effects of Our Certificate of Incorporation and Our Bylaws

Our certificate of incorporation and bylaws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of the company unless such takeover or change in control is approved by the board of directors.

These provisions include:

Classified Board. Our certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Our certificate of incorporation will also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board of directors. Upon completion of this offering, we expect that our board of directors will have seven members.

Action by Written Consent; Special Meetings of Stockholders. Our certificate of incorporation will provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and the bylaws will also provide that, except as otherwise required by law, special meetings of the stockholders can be called only by or at the direction of the board of directors pursuant to a resolution adopted by a majority of the total number of directors. Stockholders will not be permitted to call a special meeting or to require the board of directors to call a special meeting.

Removal of Directors. Our certificate of incorporation will provide that our directors may be removed only for cause by the affirmative vote of at least 75% of the votes that all our stockholders would be entitled to cast in an annual election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose. This requirement of a supermajority vote to remove directors could enable a minority of our stockholders to prevent a change in the composition of our board.

Advance Notice Procedures. Our bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the stockholder s intention to bring that business before the meeting. Although the bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Super Majority Approval Requirements. The Delaware General Corporation Law generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation s

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certificate of incorporation or bylaws, unless either a corporation s certificate of incorporation or bylaws requires a greater percentage. A majority vote of our board of directors or the affirmative vote of holders of at least 75% of the total votes of the outstanding shares of capital stock of the Company entitled to vote with respect thereto, voting together as a single class, will be required to amend, alter, change or repeal the bylaws. In addition, the affirmative vote of the holders of at least 75% of the total votes of the outstanding shares of capital stock of the Company entitled to vote with respect thereto, voting together as a single class, will be required to amend, alter, change or repeal, or to adopt any provisions inconsistent with, any of the provisions in our certificate of incorporation relating to amendments to our certificate of incorporation and bylaws and as described under Action by Written Consent; Special Meetings of Stockholders , Classified Board and Removal of Directors above. This requirement of a supermajority vote to approve amendments to our bylaws and certificate of incorporation could enable a minority of our stockholders to exercise veto power over any such amendments.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital and corporate acquisitions. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Exclusive Forum. Our certificate of incorporation will provide that, subject to limited exceptions, the state or federal courts located in the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable.

Section 203 of the Delaware General Corporation Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation s voting stock.

Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions: before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 75% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some

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instances; or at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may opt out of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Listing

Our common stock has been approved for listing on the NASDAQ Global Market under the symbol AKBA.

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Shares Eligible for Future Sale

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital at a time and price we deem appropriate. 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 completion of this offering due to contractual and legal restrictions on resale described below.

Sale of Restricted Shares

Based on the number of shares of our common stock outstanding as of December 31, 2013, upon the closing of this offering and assuming (1) the conversion of our outstanding preferred stock into common stock, (2) no exercise of the underwriters option to purchase additional shares of common stock, and (3) no exercise of outstanding options, we would have had outstanding an aggregate of approximately 19,383,045 shares of common stock (including the 112,853 shares of common stock that will be issued upon conversion of the Series C preferred stock with respect to dividends accrued between December 31, 2013 and the closing of the offering, as well as ordinary course activity under the Company s equity incentive plans). Of these shares, all of the shares of common stock to be sold in this offering, and any shares sold upon exercise of the underwriters option to purchase additional shares, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our affiliates as such term is defined in Rule 144 of the Securities Act. All remaining shares of common stock held by existing stockholders immediately prior to the completion of this offering will be restricted securities as such term is defined in Rule 144. These restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701, which rules are summarized below.

As a result of the lock-up agreements referred to below and the provisions of Rule 144 and Rule 701 under the Securities Act, the shares of our common stock (excluding the shares sold in this offering) that will be available for sale in the public market are as follows:

Approximate Number of Shares	First Date Available for Sale into Public Market
13,500,692	180 days after the date of this prospectus upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume limitations under Rule 144

Lock-up Agreements

In connection with this offering, we, and all of our directors and officers, and the holders of substantially all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the restricted period):

- 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, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and all of our directors and officers, and the holders of substantially all of our common stock and stock options have agreed that, without the prior written consent of

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Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC on behalf of the underwriters, during the restricted period, no registration statement with the SEC relating to the offering of any shares of common stock or any security convertible into or exercisable or exchangeable for our common stock will be filed.

The restrictions described in the immediately preceding paragraph do not apply to:

the sale of shares by us to the underwriters;

the issuance by us of shares of our common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;

the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock; *provided* that such plan does not provide for the transfer of shares of our common stock during the restricted period and to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period;

transactions relating to shares of our common stock or other securities acquired in this offering (other than any shares of our common stock directed by us and purchased in this offering by one of our officers or directors) or in open market transactions after the date of the final prospectus;

transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, as a bona fide gift;

transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, by will or intestacy;

the exercise of options to purchase shares of our common stock granted under any existing stock incentive plan or stock purchase plan described in this prospectus, *provided* that any shares of our common stock issued pursuant to such exercise shall be subject to the same restrictions;

transfers to us for the purpose of satisfying tax withholding obligations upon the vesting of other equity incentive awards granted under any existing stock incentive plan or stock purchase plan described in this prospectus;

transfers or distributions not involving a disposition for value of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, to any limited or general partners, stockholders or members of a lock-up signatory, or if the lock-up signatory is a corporation, to a wholly-owned subsidiary of such lock-up signatory;

transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, made by one of the lock-up signatories to (i) any trust, corporation, partnership, limited liability company or other legal entity who, directly or indirectly, controls, is controlled by, or is under common control with such lock-up signatory, (ii) any trust or other legal entity for which a lock-up signatory or the spouse of a lock-up signatory serves as trustee or investment advisor, or (iii) any member of the immediate family of a lock-up signatory, or any trust or other legal entity for the direct or indirect benefit of a lock-up signatory or any member of the immediate family of a lock-up signatory;

transfers of shares of our common stock, or any securities convertible into, exercisable or exchangeable for our common stock, pursuant to a sale of, or an offer to purchase, 100% of our outstanding common stock, whether pursuant to a merger, tender offer or otherwise, to a third party or group of third parties, *provided* that in the event that such tender offer, merger, or transaction is not completed, our common stock and any security convertible into or exchangeable for our common stock shall remain subject to the same restrictions; or

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the conversion of our outstanding preferred stock into shares of our common stock upon the closing of this offering, *provided* that such shares of our common stock shall remain subject to the same restrictions,

provided, however, that in the case of any transfer or distribution pursuant to the fifth, sixth, ninth or tenth clauses above, each donee, distributee or transferee shall sign and deliver a lock-up agreement substantially in the form of the lock-up agreements described above; and in the case of any transaction, transfer, exercise or distribution pursuant to the fourth through (and including) the tenth clauses above, no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of our common stock, shall be required or shall be voluntarily made during the restricted period (other than a filing on Form 5 made after the expiration of the restricted period).

Following the lock-up periods set forth in the agreements described above, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain of our security holders, including our amended and restated investors rights agreement and the standard forms of our option agreements under our equity incentive plans, that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least six months would be entitled to sell in broker s transactions or certain riskless principal transactions or to market makers, a number of shares within any three-month period that does not exceed the greater of:

1% of the number of shares of our common stock then outstanding, which will equal approximately 193,830 shares immediately after this offering; or

the average weekly trading volume in our common stock on the NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the Securities and Exchange Commission and NASDAQ concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the 90 days preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

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Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of an issuer s employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a qualified compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The Securities and Exchange Commission has indicated that Rule 701 will apply to stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Registration Rights

Upon the completion of this offering, the holders of 13,171,517 shares of our common stock issued or issuable will be entitled to specified rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration statement. See the section of this prospectus titled Description of Capital Stock Registration Rights for additional information.

Equity Incentive Plans

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock that we may issue upon exercise of outstanding options or options or other equity awards to be issued under our Amended and Restated 2008 Equity Incentive Plan and 2014 Incentive Plan. Such registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under such registration statement will be available for sale in the open market following its effective date, subject to Rule 144 restrictions on affiliates and the lock-up agreements described above, if applicable.

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Material United States Federal Income Tax

Considerations for Non-U.S. Holders

The following is a summary of the material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of our common stock by Non-U.S. Holders (defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders of our common stock. This summary is based upon the Code, the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to differing interpretations and to change at any time, possibly on a retroactive basis.

This summary assumes that shares of our common stock are held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, certain U.S. expatriates, tax-exempt organizations, pension plans, controlled foreign corporations , passive foreign investment companies , corporations that accumulate earnings to avoid U.S. federal income tax, persons in special situations, such as those who have elected to mark securities to market or those who hold common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, or holders subject to the alternative minimum tax or the 3.8% Medicare tax on net investment income). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address estate and gift tax considerations or considerations under the tax laws of any state, local or non-U.S. jurisdiction.

For purposes of this summary, a Non-U.S. Holder means a beneficial owner of common stock that for U.S. federal income tax purposes is not an entity treated as a partnership and is not:

- an individual who is a citizen or resident of the United States;

- a corporation or any other organization taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or

- a trust if (1) a U.S. court is able to exercise primary supervision over the trust s administration and one or more U.S. persons have the authority to control all of the trust s substantial decisions or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Entities that are treated as partnerships for U.S. federal income tax purposes and persons holding our common stock through an entity treated as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

There can be no assurance that the Internal Revenue Service (IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain a ruling from the IRS with respect to the U.S. federal income or estate tax consequences to a

Non-U.S. Holder of the purchase, ownership or disposition of our common stock.

THIS SUMMARY IS NOT INTENDED TO BE TAX ADVICE. NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME AND ESTATE TAXATION, STATE, LOCAL AND NON-U.S. TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK.

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Distributions on Our Common Stock

As discussed under Dividend Policy above, we do not anticipate paying any cash dividends in the foreseeable future. In the event that we do make a distribution of cash or property (other than certain stock distributions) with respect to our common stock (or in the case of certain redemptions that are treated as distributions with respect to our common stock), any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits, if any, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will constitute a return of capital and will first reduce the holder s adjusted tax basis in our common stock, but not below zero. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock . Any such distribution would also be subject to the discussion below under the sections titled Additional Withholding and Reporting Requirements and Backup Withholding and Information Reporting.

Dividends paid to a Non-U.S. Holder generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides us or another applicable withholding agent, as the case may be, with the appropriate IRS Form W-8, such as:

IRS Form W-8BEN (or successor form) certifying, under penalties of perjury, that such holder is not a United States person (as defined under the Code) and is eligible for a reduction in the rate of, or exemption from, withholding under an applicable income tax treaty, or

IRS Form W-8ECI (or successor form) certifying that a dividend paid on common stock is not subject to withholding tax because it is effectively connected with a trade or business in the United States of the Non-U.S. Holder (in which case such dividend generally will be subject to regular graduated U.S. tax rates as described below).

The certification requirement described above must be provided to us or another applicable withholding agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that claims treaty benefits of a reduction in the rate of, or exemption from, withholding on dividends to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that hold shares of our common stock through intermediaries or are pass-through entities for U.S. federal income tax purposes.

Each Non-U.S. Holder is urged to consult its own tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form has actual knowledge or reason to know that the statements on the form are false.

If dividends are effectively connected with a trade or business in the United States of a Non-U.S. Holder (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment or fixed base), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), generally will be subject to U.S. federal income tax on such dividends on a net income basis in the same manner as if it were a U.S. person. In addition, if a Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, the Non-U.S. Holder may be subject to an additional branch profits tax equal to 30% (unless reduced by an applicable income tax treaty) of such effectively connected dividend, as adjusted for certain items.

Non-U.S. Holders that do not timely provide us or another applicable withholding agent with the required certification, but which are eligible for a reduced rate of, or an exemption from, U.S. federal withholding tax, may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

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Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock

Subject to the discussion below under the sections titled Additional Withholding and Reporting Requirements and Backup Withholding and Information Reporting , in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized upon such holder s sale, exchange or other taxable disposition of shares of our common stock unless (i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; (ii) we are or have been a United States real property holding corporation , as defined in the Code (a USRPHC), at any time within the shorter of the five-year period preceding the disposition and the Non-U.S. Holder s holding period in the shares of our common stock, and certain other requirements are met; or (iii) such gain is effectively connected with the conduct by such Non- U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which such Non-U.S. Holder s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition. If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain on a net income basis in the same manner as if it were a U.S. person, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such effectively connected gain, as adjusted for certain items, at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

Regarding the second exception, generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests (as defined in the Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance in this regard, we believe that we are not, and do not anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other business assets, there can be no assurance that we have not been a USRPHC in the past and will not become a USRPHC in the future. Even if we became a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our common stock by reason of our status as USRPHC so long as our common stock is regularly traded on an established securities market (within the meaning of the applicable regulations) and such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our outstanding common stock at any time during the shorter of the five year period ending on the date of disposition and such holder s holding period. However, no assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above. Prospective investors are encouraged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

Additional Withholding and Reporting Requirements

Legislation enacted in March 2010 and related guidance (commonly referred to as FATCA) will impose, in certain circumstances, U.S. federal withholding at a rate of 30% on payments of (a) dividends on our common stock on or after July 1, 2014, and (b) gross proceeds from the sale or other disposition of our common stock on or after January 1, 2017. In the case of payments made to a foreign financial institution as defined under FATCA (including, among other entities, an investment fund), the tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a FATCA Agreement) or (ii) complies with an applicable intergovernmental agreement between the United States and a foreign jurisdiction (an IGA) or any foreign law implementing an applicable IGA, in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of

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payments made to a foreign entity that is not a foreign financial institution, the tax generally will be imposed, subject to certain exceptions, unless such foreign entity provides the withholding agent with a certification that it does not have any substantial U.S. owners (generally, any specified U.S. persons that directly or indirectly owns more than a specified percentage of such entity) or that identifies its substantial U.S. owners. If our common stock is held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to apply FATCA withholding on payments of dividends and proceeds described above made to (x) a person (including an individual) that fails to comply with certain information requests or (y) a foreign financial institution that has not entered into a FATCA Agreement and is not otherwise exempt from FATCA pursuant to an IGA.

Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our common stock, and the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on our common stock paid to the holder and the tax withheld, if any, with respect to the distributions. Non-U.S. Holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Code) in order to avoid backup withholding at the applicable rate, currently 28%, with respect to dividends on our common stock. Dividends paid to Non-U.S. Holders subject to U.S. withholding, as described above under the section titled Distributions on Our Common Stock , generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies, under penalties of perjury, that it is not a United States person (as defined under the Code) and satisfies certain other requirements (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person), or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Prospective investors should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or in which the Non-U.S. Holder is incorporated, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder can be refunded or credited against the Non-U.S. Holder s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Federal Estate Tax

Common stock owned (or treated as owned) by an individual who is not a citizen or a resident of the United States (as defined for U.S. federal estate tax purposes) at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes unless an applicable estate or other tax treaty provides otherwise, and therefore, may be subject to U.S. federal estate tax.

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Underwriting

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC and UBS Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	2,132,353
Credit Suisse Securities (USA) LLC	2,132,353
UBS Securities LLC	1,176,471
Nomura Securities International, Inc.	441,176
Total	5,882,353

The underwriters and the representatives are collectively referred to as the underwriters and the representatives, respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $0.71 a share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 879,647 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase the same percentage of the additional shares of common stock as the number listed next to the underwriter s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase up to an additional 879,647 shares of common stock.

		Total	
	Per Share	No exercise	Full exercise
Public Offering Price	$ 17.00	$ 100,000,001	$ 114,954,000
Underwriting Discount and commissions to be paid by us	$ 1.19	$ 7,000,000	$ 8,046,780

Proceeds, before expenses, to us	$ 15.81	$ 93,000,001	$ 106,907,220

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $2.8 million. We have agreed to reimburse the underwriters for expenses relating to clearance of

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this offering with the Financial Industry Regulatory Authority, Inc. and the qualification of our common stock under state securities laws (in an amount not to exceed in the aggregate $50,000).

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

Our common stock has been approved for listing on the Nasdaq Global Market under the trading symbol AKBA.

We, and all of our directors and officers, and the holders of substantially all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the restricted period):

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, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and all of our directors and officers, and the holders of substantially all of our common stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC on behalf of the underwriters, during the restricted period, no registration statement with the SEC relating to the offering of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock will be filed.

The restrictions described in the immediately preceding paragraph to do not apply to:

the sale of shares by us to the underwriters;

the issuance by us of shares of our common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus of which the Underwriters have been advised in writing;

the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of our common stock; *provided* that such plan does not provide for the transfer of shares of our common stock during the restricted period and to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period;

transactions relating to shares of our common stock or other securities acquired in this offering (other than any shares of our common stock directed by us and purchased in this offering by one of our officers or directors) or in open market transactions after the date of the final prospectus;

transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, as a bona fide gift;

transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, by will or intestacy;

the exercise of options to purchase shares of our common stock granted under any existing stock incentive plan or stock purchase plan described in this prospectus, *provided* that any shares of our common stock issued pursuant to such exercise shall be subject to the same restrictions;

- transfers to us for the purpose of satisfying tax withholding obligations upon the vesting of other equity incentive awards granted under any existing stock incentive plan or stock purchase plan described in this prospectus;

- transfers or distributions not involving a disposition for value of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, to any limited or general partners, stockholders or members of a lock-up signatory, or if the lock-up signatory is a corporation, to a wholly-owned subsidiary of such lock-up signatory;

- transfers of shares of our common stock, or any security convertible into, exercisable or exchangeable for our common stock, made by one of the lock-up signatories to (i) any trust, corporation, partnership, limited liability company or other legal entity who, directly or indirectly, controls, is controlled by, or is under common control with such lock-up signatory, (ii) any trust or other legal entity for which a lock-up signatory or the spouse of a lock-up signatory serves as trustee or investment advisor, or (iii) any member of the immediate family of a lock-up signatory, or any trust or other legal entity for the direct or indirect benefit of a lock-up signatory or any member of the immediate family of a lock-up signatory;

- transfers of shares of our common stock, or any securities convertible into, exercisable or exchangeable for our common stock, pursuant to a sale of, or an offer to purchase, 100% of our outstanding common stock, whether pursuant to a merger, tender offer or otherwise, to a third party or group of third parties, *provided* that in the event that such tender offer, merger, or transaction is not completed, our common stock and any security convertible into or exchangeable for our common stock shall remain subject to the same restrictions; or

- the conversion of our outstanding preferred stock into shares of our common stock upon the closing of this offering, *provided* that such shares of our common stock shall remain subject to the same restrictions,

provided, *however*, that in the case of any transfer or distribution pursuant to the fifth, sixth, ninth or tenth clauses above, each donee, distributee or transferee shall sign and deliver a lock-up agreement substantially in the form of the lock-up agreements described above; and in the case of any transaction, transfer, exercise or distribution pursuant to the fourth through (and including) the tenth clauses above, no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of our common stock, shall be required or shall be voluntarily made during the restricted period (other than a filing on Form 5 made after the expiration of the restricted period).

Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved 162,000 shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and related persons of Akebia Therapeutics, Inc. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares.

Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares of our common stock may not

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be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 200 (FSMA)) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

The Prospectus does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations (CO) and the shares will not be listed on the SIX Swiss Exchange. Therefore, the Prospectus may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange. Accordingly, the shares may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the shares with a view to distribution.

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Legal Matters

The validity of the common stock offered in this prospectus will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, Boston, Massachusetts.

Experts

The financial statements of Akebia Therapeutics, Inc. (a development stage company) at December 31, 2013 and 2012, and for each of the two years in the period ended December 31, 2013, and for the period February 27, 2007 (inception) through December 31, 2013, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Where You Can Find More Information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and the common stock offered hereby, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address is www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Akebia Therapeutics, Inc.

We have audited the accompanying balance sheets of Akebia Therapeutics, Inc. (a development stage company) as of December 31, 2013 and 2012, and the related statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders equity (deficit) and cash flows for each of the two years in the period ended December 31, 2013, and for the period from February 27, 2007 (inception) through December 31, 2013. 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 Akebia Therapeutics, Inc. (a development stage company) at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2013 and for the period from February 27, 2007 (inception) through December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Cincinnati, Ohio

February 14, 2014,

except as it relates to Note 16

as to which the date is March 7, 2014

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Balance Sheets

	December 31, 2012	December 31, 2013 Actual	December 31, 2013 Pro forma (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 1,641,038	$ 21,215,228	$ 21,215,228
Investments		11,341,241	11,341,241
Accounts receivable	85,633	135,339	135,339
Prepaid expenses and other current assets	517,202	739,235	739,235
Total current assets	2,243,873	33,431,043	33,431,043
Equipment, net of accumulated depreciation of $1,282 at December 31, 2013		30,366	30,366
Deferred offering costs		1,078,138	1,078,138
Other assets		125,345	125,345
Total assets	$ 2,243,873	$ 34,664,892	$ 34,664,892
Liabilities, redeemable convertible preferred stock and stockholders deficit			
Current liabilities:			
Accounts payable	$ 417,943	$ 714,137	$ 714,137
Accrued expenses	351,250	3,183,761	3,183,761
Current portion of capital lease obligation		3,912	3,912
2012 Series X preferred stock subject to mandatory redemption	4,154,137		
Total current liabilities	4,923,330	3,901,810	3,901,810
Capital lease obligation, net of current portion		8,004	8,004
Total liabilities	$ 4,923,330	$ 3,909,814	$ 3,909,814
Commitments and contingencies (see Note 11)			
Reedemable convertible preferred stock; $.00001 par value; 2,427,394 and 5,500,636 shares authorized at December 31, 2012 and December 31, 2013, respectively:			
Series A redeemable convertible preferred stock; 734,538 shares issued and outstanding at December 31, 2012 and December 31, 2013; no shares	37,092,486	39,367,094	

issued and outstanding pro forma (unaudited); (Aggregate liquidation preference of $39,367,094 at December 31, 2013)			
Series B redeemable convertible preferred stock; 1,287,525 shares issued and outstanding at December 31, 2012 and December 31, 2013; no shares issued and outstanding pro forma (unaudited); (Aggregate liquidation preference of $21,031,365 at December 31, 2013)	19,816,185	21,257,044	
Series C redeemable convertible preferred stock; no shares issued and outstanding at December 2012; 3,302,885 shares issued and outstanding at December 31, 2013; no shares issued and outstanding pro forma (unaudited); (Aggregate liquidation preference of $97,202,997 at December 31, 2013)		97,202,997	
Total redeemable convertible preferred stock	56,908,671	157,827,135	
Stockholders (deficit) equity:			
Common stock; $.00001 par value; 7,817,173 and 14,700,000 authorized at December 31, 2012 and December 31, 2013, respectively; 615,757 and 1,383,345 shares issued and outstanding at December 31, 2012 and December 31, 2013, respectively; 13,385,674 shares issued and outstanding pro forma (unaudited)	6	14	134
Additional paid-in capital			94,461,590
Deficit accumulated during the development stage	(59,588,134)	(127,072,071)	(63,706,646)
Total stockholders (deficit) equity	(59,588,128)	(127,072,057)	30,755,078
Total liabilities, redeemable convertible preferred stock and stockholders equity	$ 2,243,873	$ 34,664,892	$ 34,664,892

See accompanying notes to financial statements.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Operations and Comprehensive Loss

	Year Ended December 31, 2012	2013	February 27, 2007 (inception) through December 2013
Revenue	$	$	$
Operating expenses:			
Research and development	5,631,541	10,781,600	51,747,845
General and administrative	2,891,008	5,151,621	15,268,937
Total operating expenses	8,522,549	15,933,221	67,016,782
Operating loss	(8,522,549)	(15,933,221)	(67,016,782)
Other income (expense):			
Grant income			1,481,408
Interest expense, net	(1,644,654)	(703,569)	(4,916,597)
Extinguishment of debt and other liabilities		2,419,766	3,735,499
Reimbursements from Aerpio	1,971,246	1,049,844	3,021,090
Gain on cancellation of preferred stock future tranche rights			653,465
Net loss and comprehensive loss	$ (8,195,957)	$ (13,167,180)	$ (63,041,917)
Reconciliation of net loss to net loss applicable to common stockholders:			
Net loss	$ (8,195,957)	$ (13,167,180)	$ (63,041,917)
Accretion on preferred stock	(3,322,647)	(55,885,844)	(66,738,199)
Loss on extinguishment of preferred stock			(597,174)
Net loss applicable to common stockholders	$ (11,518,604)	$ (69,053,024)	$ (130,377,290)
Net loss per share applicable to common stockholders basic and diluted	$ (27.82)	$ (126.94)	$ (481.04)
Weighted-average number of common shares used in net loss per share applicable to common stockholders basic and diluted	414,107	544,002	271,031
Pro forma net loss applicable to common stockholders (unaudited)		$ (13,304,154)	
		$ (1.31)	

Pro forma net loss per share applicable to common stockholders basic and diluted (unaudited)	
Pro forma weighted-average number of common shares used in pro forma net loss per share applicable to common stockholders basic and diluted (unaudited)	10,132,528

See accompanying notes to financial statements.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders Equity (Deficit)

Period from February 27, 2007 (inception) through December 31, 2013

	Redeemable Convertible Preferred Stock								Stockholders Equity (Deficit)						
	Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		2012 Series X Convertible Preferred Stock		2007 Series X Convertible Preferred Stock		Common Stock				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	$0.00001 Par Value	Number of Shares	$0.00001 Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Tot Stockho Equ (Defi
apital ution		$		$		$		$		$	70,000	$ 1	$ 39	$	$
e of eries X ible d stock									9,938				31,800		3
e costs ed with Series A able ible d stock													(21,219)		(2
s														(2,701,292)	(2,70
e at per 31,									9,938		70,000	1	10,620	(2,701,292)	(2,69
Series A d stock, ssuance s	226,500	8,359,507													
e of A d stock ment of ible	45,228	1,626,386													
		1,515,495											(649,508)	(865,987)	(1,51

on of d stock mption								
ishment X ible d stock						597,174	(597,174)	
sion of eries X ible d stock nmon			(9,938)	126,083	1	(1)		
ased sation e						41,715		4
s							(5,076,316)	(5,07
e at ber 31,	271,728	11,501,388		196,083	2		(9,240,769)	(9,24
Series A d stock, ssuance s	265,609	10,525,461						
e of A d stock ment of ible	72,201	2,851,929						
on of d stock mption		1,226,217				(104,736)	(1,121,481)	(1,22
e of ed n stock				55,079	1	(1)		
ased sation e						104,737		10
s							(8,506,556)	(8,50
e at ber 31,	609,538	26,104,995		251,162	3		(18,868,806)	(18,86

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders Equity (Deficit)

Period from February 27, 2007 (inception) through December 31, 2013

Redeemable Convertible Preferred Stock										Stockholders Equity (Deficit)			
Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		2012 Series X Convertible Preferred Stock		2007 Series X Convertible Preferred Stock		Common Stock		Additional	Deficit Accumulated During the
Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	$0.00001 Par Value	Number of Shares	$0.00001 Par Value	Paid-In Capital	Development Stage
125,000	$ 4,970,597		$		$		$		$		$	$	$
	1,817,410											(169,271)	(1,648,139)
										18,556			
												169,271	
													(10,097,931)
734,538	32,893,002									269,718	3		(30,614,876)
		1,287,525	17,722,436										
	2,033,817		936,769									(690,276)	(2,280,310)

						382,850	
				293,457	3	(3)	
						307,429	
							(15,296,685)
734,538	34,926,819	1,287,525	18,659,205	563,175	6		(48,191,871)

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders Equity (Deficit)

Period from February 27, 2007 (inception) through December 31, 2013

Redeemable Convertible Preferred Stock											Stockholders E	
le le le l	Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		2012 Series X Convertible Preferred Stock		2007 Series X Convertible Preferred Stock		Common Stock		
nount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	$0.00001 Par Value	Number of Shares	$0.00001 Par Value	Additional Paid-In Capital
165,667		$ 1,156,980		$		$		$		$	$ (122,341
									52,582		
											122,341
092,486	1,287,525	19,816,185							615,757	6	
									583,126	6	(6
									176,717	2	(2
									14,357		5,336
									(6,612)		
					25,000	2,486,251					
					25,000	2,457,904					

	2,945,742	40,088,465		
	357,143	4,944,155	(50,000)	(4,944,155)

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders Equity (Deficit)

Period from February 27, 2007 (inception) through December 31, 2013

Redeemable Convertible Preferred Stock											Stockholders Equit
A able ible red k	Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		2012 Series X Convertible Preferred Stock		2007 Series X Convertible Preferred Stock		Common Stock		Additional
Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	$0.00001 Par Value	Number of Shares	$0.00001 Par Value	Paid-In Capital
2,274,608		$ 1,440,859		$ 52,170,377		$		$		$	$ (1,569,087)
											1,563,759
39,367,094	1,287,525	21,257,044	3,302,885	97,202,997					1,383,345	14	
											67,548
39,367,094)	(1,287,525)	(21,257,044)	(3,302,885)	(97,202,997)					12,002,329	120	94,394,042
		$		$		$		$	13,385,674	$ 134	$ 94,461,590

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Statements of Cash Flows

	Year Ended December 31,		February 27, 2007 (inception) through December 31,
	2012	2013	2013
Operating activities:			
Net loss	$ (8,195,957)	$ (13,167,180)	$ (63,041,917)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on extinguishment of debt and other liabilities		(2,419,766)	(3,735,499)
Depreciation expense		1,282	91,421
Amortization of debt issuance costs	16,613	8,544	81,248
Amortization of debt discount and interest expense	1,654,136	751,880	5,159,034
Gain on cancellation of preferred stock future tranche rights			(653,465)
Issuance of 2007 Series X preferred stock for licensing agreement			31,800
Stock-based compensation expense	122,341	1,563,759	2,309,252
Changes in operating assets and liabilities:			
Accounts receivable	(3,518)	(49,706)	(135,339)
Prepaid expenses and other current assets	243,511	(166,874)	(710,072)
Other assets		(125,345)	(125,345)
Accounts payable and accrued expenses	(1,047,964)	2,271,735	3,616,889
Net cash used in operating activities	(7,210,838)	(11,331,671)	(57,111,993)
Investing activities:			
Purchases of property and equipment		(19,732)	(272,792)
Proceeds from maturities of short-term investments		1,990,000	13,177,943
Proceeds from sale of short-term investments	1,365,943		800,234
Purchases of short-term investments		(13,394,944)	(25,383,162)
Net cash (used in) provided by investing activities	1,365,943	(11,424,676)	(11,677,777)
Financing activities:			
Proceeds from issuance of preferred stock		41,240,388	83,033,938
Preferred stock issuance costs		(1,194,019)	(1,682,007)
Debt issuance costs	(25,157)		(76,857)
Initial public offering issuance costs		(221,168)	(221,168)
Proceeds from issuance of 2012 Series X preferred stock	2,500,001	2,500,000	5,000,001

Proceeds from issuance of common stock		5,336	5,376
Proceeds from issuance of convertible debt			3,945,715
Net cash provided by financing activities	2,474,844	42,330,537	90,004,998
Increase (decrease) in cash and cash equivalents	(3,370,051)	19,574,190	21,215,228
Cash and cash equivalents at beginning of period	5,011,089	1,641,038	
Cash and cash equivalents at end of period	$ 1,641,038	$ 21,215,228	$ 21,215,228
Non-cash financing activities:			
Issuance of Series A preferred stock in settlement of convertible notes	$	$	$ 5,383,000
Accretion of preferred stock to redemption value	$ 3,322,647	$ 55,885,844	$ 66,738,199
Reclassification of 2012 Series X preferred stock from debt to preferred stock	$	$ 2,486,251	$ 2,486,251
Conversion of 2012 Series X preferred stock into Series C preferred stock	$	$ 4,944,155	$ 4,944,155
Unpaid initial public offering issuance costs	$	$ 856,970	$ 856,970
Assets acquired under capital lease	$	$ 11,916	$ 11,916
Loss on extinguishment of 2007 Series X preferred stock	$	$	$ 597,174
Book value of assets transferred in distribution of subsidiary	$	$	$ 193,114
Book value of liabilities transferred in distribution of subsidiary	$	$	$ (575,964)
Exchange of convertible debt	$	$	$ 304,054

See accompanying notes to financial statements.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

1. Nature of Organization and Operations

Akebia Therapeutics, Inc. (the Company) is a biopharmaceutical company focused on the development of novel proprietary therapeutics based on hypoxia inducible factor (HIF) biology and the commercialization of these products for patients with kidney disease. HIF is the primary regulator of the production of red blood cells in the body and a potentially novel mechanism of treating anemia. The Company s lead product candidate, AKB-6548, is being developed as a once-daily oral therapy that has successfully completed a Phase 2a proof of concept study demonstrating that AKB-6548 can safely and predictably raise hemoglobin levels in patients with anemia secondary to chronic kidney disease (CKD) not requiring dialysis. AKB-6548 is currently being studied in a Phase 2b trial in patients with anemia secondary to CKD, who are not dependent on dialysis, with data expected in the fourth quarter of 2014.

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 product revenues to date, nor is there any assurance of any future product 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. Accordingly, the Company is considered to be in the development stage as defined by U.S. generally accepted accounting principles (U.S. GAAP).

The Company is subject to a number of risks similar to other life science companies in the development stage, 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, it will be unable to generate product revenue or achieve profitability. As of December 31, 2012 and December 31, 2013, the Company had a deficit accumulated during the development stage of approximately $59.6 million and $127.1 million, respectively.

Unless otherwise indicated, all information in these financial statements gives retrospective effect to the one-hundred-to-one reverse stock split of the Company s common stock (the Stock Split) that was effected on May 10, 2013 (see Note 9).

The Company was incorporated on February 27, 2007, under the laws of the State of Delaware.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in accordance with US GAAP and stated in U.S. Dollars.

In December 2011, the Company spun out the Company s programs focused on the treatment of diabetic eye disease and inflammatory bowel disease into Aerpio Therapeutics, Inc. (Aerpio), as more fully described in Note 3.

Unaudited Pro Forma Presentation and Unaudited Pro Forma Net Loss per Share

On December 19, 2013, the Company s Board of Directors authorized the management of the Company to file a registration statement with the U.S. Securities and Exchange Commission (SEC) for the Company to sell shares of its common stock (the Common Stock) to the public. The unaudited pro forma balance sheet and statement of redeemable convertible preferred stock and stockholders equity (deficit) as of December 31, 2013

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

assumes the automatic conversion of all outstanding convertible preferred stock into shares of Common Stock upon the completion of the proposed offering and includes the compensation expense impact related to awards of restricted stock issued with a vesting condition contingent upon the Company s consummation of a Liquidity Event, as defined.

Unaudited pro forma basic and diluted net loss per share was calculated by dividing net loss attributable to common stockholders, excluding the impact of gains (losses) on the extinguishment of preferred stock and accretion of preferred stock, and including the impact of compensation expense associated with awards of restricted stock that contain a performance condition wherein vesting is contingent upon the Company s consummation of a Liquidity Event, as defined, by the pro forma weighted-average number of common shares outstanding. The unaudited pro forma weighted-average number of common shares outstanding was computed after giving effect to the assumed conversion of the redeemable convertible preferred stock into shares of common stock as if such conversion had occurred at the beginning of the period presented, or the date of original issuance, if later and includes the impact of the issuance of restricted stock with a vesting condition contingent upon the Company s consummation of a Liquidity Event, as defined.

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 based on HIF biology.

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: stock-based compensation expense, fair value of common stock and preferred stock and the Company s other equity instruments, accrued expenses and income taxes.

The Company utilizes significant estimates and assumptions in determining the fair value of its common stock. The Company granted stock options at exercise prices not less than the fair market value of its common stock as determined by the board of directors contemporaneously at the date such grants were made, with input from management. The fair value of common stock at the grant date was adjusted in connection with the Company s retrospective fair value assessment for financial reporting purposes. 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,

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

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 an initial 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. The methodologies included a probability analysis including both a potential public trading scenario and potential sale scenario. In both scenarios, value is estimated using the guideline public company method. The sale scenario includes an adjustment for a market participant acquisition premium. Value is allocated among the preferred and common shares according to the rights associated with each type of security. Valuation methodologies include estimates and assumptions that require the Company s judgment. These estimates include assumptions regarding future performance, including the successful completion of a public offering. Significant changes to the key assumptions used in the valuations could result in different fair values of common stock 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 original 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.

Investments

Management determines the appropriate classification of securities at the time of purchase and reevaluates such designation as of each balance sheet date. Currently, the Company classifies all investments as trading account assets. Investments are generally available for resale, consisting principally of corporate and government debt securities and are stated at fair value. Gains and losses, both realized and unrealized, are included in the caption Interest expense, net within the statements of operations and comprehensive loss. The Company bases the cost of securities sold upon the specific identification method, and includes interest and dividends on securities in interest income.

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

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

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 us by the Company s 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.

Organizational Costs

All organizational costs and start-up costs are expensed as incurred.

Income Taxes

Income taxes are recorded in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes* (ASC 740), 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 using enacted tax rates 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 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, 2012 and 2013, the Company does not have any significant uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Stock-Based Compensation

The Company accounts for its stock-based compensation awards in accordance with FASB ASC Topic 718, *Compensation Stock Compensation* (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. The Company accounts for stock-based awards to non-employees in accordance with FASB ASC Topic 505-50, *Equity-Based Payments to Non-Employees* (ASC 505-50), which requires the fair value of the award to be re-measured at

Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

fair value until a performance commitment is reached or counterparty performance is complete. The Company s stock-based awards are comprised of stock options, shares of restricted stock and shares of common stock. The Company estimates the fair value of options granted using the Black-Scholes option pricing model. The Company uses an estimate of its Common Stock value to determine the fair value of restricted stock awards and common stock awards.

The Black-Scholes option pricing model requires the input of certain 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. 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 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 the Company, including stage of product development and life science industry focus. The Company is a development stage company in a very early stage of product development with no revenues and the representative group of companies has certain similar characteristics to the Company. 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 performed a sensitivity analysis to determine the impact a 30% increase or decrease in the volatility rate would have on the fair value of each stock-based award, and determined that such a rate change would be immaterial to the calculation of stock-based compensation. The Company uses 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 it does 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 the Company does not expect substantially different exercise or post-vesting termination behavior among its employee population. For options granted to non-employees, the Company utilizes the contractual term of the arrangement as the basis for the expected term assumption. 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 the Company has never paid dividends and has no current plans to pay any dividends on its common stock, which is similar to the Company s peer group.

The Company s stock-based awards are subject to either service or performance 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. Consistent with the guidance in ASC 505-50, compensation expense related to awards to non-employees with service based vesting conditions is recognized on a straight-line basis based on the then-current fair value at each financial reporting date prior to the measurement date over the associated service period of the award, which is generally the vesting term. Compensation expense related to awards to employees with performance based vesting conditions is recognized based on the grant date fair value over the requisite service period using the accelerated attribution method to the extent achievement of the performance condition is probable. Consistent with the guidance in ASC 505-50, compensation expense related to awards to non-employees with performance based vesting conditions is recognized based on the then-current fair value at each financial reporting date prior to the measurement date over the requisite service period using the accelerated attribution method to the extent achievement of the performance condition is probable.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

The Company is also required to estimate forfeitures at the time of grant, and revise those estimates in the subsequent periods if actual forfeitures differ from its estimates. The Company uses historical data to estimate pre-vesting forfeitures and record stock-based compensation expense only for those awards that are expected to vest. To the extent that actual forfeitures differ from the Company s estimates, the difference is recorded as a cumulative adjustment in the period the estimates were revised. Stock-based compensation expense recognized in the financial statements is based on awards that are ultimately expected to vest.

Fair Value of Financial Instruments

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* (ASC 820), 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 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.

Items measured at fair value on a recurring basis include short-term investments (see Note 6). The carrying amounts of accounts receivable, accounts payable and accrued expenses approximate their fair values due to their short-term maturities. The rate implicit within the Company s capital lease obligation approximates market interest rates.

Concentrations of Credit Risk and Off-Balance Sheet Risk

Cash, investments and accounts receivable are the only financial instruments that potentially subject the Company to concentrations of credit risk. At December 31, 2012 and December 31, 2013, all of the Company s cash was deposited in accounts at two principal financial institutions. The Company maintains its cash 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.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

Net Loss per Share

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted-average shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated 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 the diluted net loss per share calculation, preferred stock, stock options and unvested restricted stock are considered to be common stock equivalents, but have been excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share were the same for all periods presented.

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. Comprehensive loss was equal to net loss for all periods presented.

Deferred Offering Costs

Deferred offering costs, which primarily consist of direct incremental legal and accounting fees relating to the Company s initial public offering (IPO), are capitalized. The deferred offering costs will be offset against IPO proceeds upon the consummation of the offering. In the event the offering is terminated or significantly delayed, deferred offering costs will be expensed. Deferred offering costs were $1,078,138 at December 31, 2013, of which $856,970 were accrued at December 31, 2013. No amounts were incurred or deferred as of December 31, 2012.

Equipment

Equipment is stated at cost, less accumulated depreciation. Assets under capital lease are included in Equipment. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, generally three 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 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).

The following is the summary of equipment and related accumulated depreciation as of December 31, 2013 and December 31, 2012.

	Useful life	December 31, 2013	December 31, 2012
Computer equipment and software	3	$ 19,732	$
Office equipment under capital lease	3	11,916	
		31,648	
Less accumulated depreciation		(1,282)	
Net property, plant and equipment		$ 30,366	$

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

Depreciation expense, including expense associated with assets under capital leases, was $1,282 for the year ended December 31, 2013. There was no depreciation expense recognized during the year ended December 31, 2012.

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 consider events through February 14, 2014, the date on which the financial statements were issued.

Recent Accounting Pronouncements

In February 2013, the FASB issued guidance to provide information about the amounts reclassified out of accumulated other comprehensive income, or AOCI, by component. An entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. On January 1, 2013, the Company adopted this standard, which had no impact on the Company s financial position or results of operations.

3. Distribution of Aerpio

On December 22, 2011, the Company assigned certain assets and liabilities to a wholly owned subsidiary, Aerpio. The assigned assets and liabilities included all of the Company s fixed assets, the Company s Tie2 activator program, AKB-9778, for diabetic macular edema, the HIF-1 stabilizer program, AKB-4924, for inflammatory bowel disease and contracts, intellectual property, current assets and current liabilities associated with these programs. The Aerpio shares were then distributed to the Company s shareholders as a distribution on the basis of 1 share of Aerpio Series A Preferred Stock for every 35 shares of Akebia Series A Preferred Stock owned, 1 share of Aerpio Series A Preferred Stock for every 100 shares of Akebia Series B Preferred Stock owned, and 1 share of Aerpio Common Stock for every 175 shares of Akebia Common Stock owned.

As of December 22, 2011, the Company assigned the following assets and liabilities to Aerpio at their historical carrying amounts:

Current assets	$ 30,149
Equipment, net of accumulated depreciation	162,965
Current liabilities	(575,964)

Net gain on distribution of Aerpio, reflected as an increase to additional-paid-in capital	$ (382,850)

The Company has not presented Aerpio as a discontinued operation in the accompanying financial statements given the significance of on-going cash flows between the Company and Aerpio. Under the terms of administrative services agreements, the Company and Aerpio obtain from and provide to each other certain services beginning in 2012, and as outlined below. These agreements are cancellable upon mutual agreement or a sale of either company.

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Akebia Therapeutics, Inc.

(A Development Stage Company)

Notes to Financial Statements

December 31, 2013

Below is a summary of the activities included in the statements of operations and comprehensive loss:

Activity	Financial Statement Caption	Year Ended December 31, 2012	Year Ended December 31, 2013	February 27, 2007 (inception) through December 30, 2013
Reimbursement from Aerpio for Akebia employee costs	Reimbursements from Aerpio	$ 1,971,246	$ 1,049,844	$ 3,021,090
Facility-related charges from Aerpio	General and administrative Operating expenses	177,757	277,923	455,680

Below is a summary of the receivables and payables included in the balance sheet related to Aerpio:

Activity	Financial Statement Caption	2012	2013
Amounts receivable from Aerpio	Accounts receivable	$ 60,678	$ 135,339
Amounts payable to Aerpio	Accounts payable	$ 64,294	$ 62,735

Prior to distribution on December 22, 2011, the direct revenues and expenses attributable to Aerpio related activities are summarized as follows:

	February 27, 2007 (Inception) through December 31, 2013
Research and development expenses	$ 8,889,877
General and administrative expenses	251,340

Total operating expenses		(9,141,217)
Grant income		834,603
Loss from Aerpio activities	$	(8,306,614)

4. Investments

Investments at fair value consist of the following:

	December 31, 2012	2013
Certificates of deposit	$	$ 1,330,132
U.S. Government debt securities		7,509,369
Corporate debt securities		2,501,740
	$	$ 11,341,241

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The estimated fair value of the Company s investment balance at December 31, 2013, by contractual maturity, is as follows:

Due in one year or less	$ 3,100,430
Due after one year through three years	8,240,811
Total investment securities	$ 11,341,241

5. Accrued Expenses

Accrued expenses are as follows:

	December 31,	
	2012	**2013**
Professional fees	$ 55,420	$ 2,452,067
Accrued bonus	152,293	439,435
Accrued vacation	35,751	109,921
Other	107,786	182,338
Total accrued expenses	$ 351,250	$ 3,183,761

6. Fair Value of Financial Instruments

The Company utilizes a portfolio management company for the valuation of the majority of its investments. This company is an independent, third-party vendor recognized to be an industry leader with access to market information that obtains or computes fair market values from quoted market prices, pricing for similar securities, recently executed transactions, cash flow models with yield curves and other pricing models. For valuations obtained from the pricing service, the Company performs due diligence to understand how the valuation was calculated or derived, focusing on the valuation technique used and the nature of the inputs.

Based on the fair value hierarchy, the Company classifies its cash equivalents and marketable securities within Level 1 or Level 2. This is because the Company values its cash equivalents and marketable securities using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

Assets measured or disclosed at fair value on a recurring basis as of December 31, 2013 are summarized below:

	Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash and cash equivalents	$ 21,215,228	$	$	$ 21,215,228
Certificates of deposit		1,330,132		1,330,132
U.S. Government debt securities		7,509,369		7,509,369
Corporate debt securities		2,501,740		2,501,740
	$ 21,215,228	$ 11,341,241	$	$ 32,556,469

The Company s corporate debt securities are all investment grade.

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Assets measured or disclosed at fair value on a recurring basis as of December 31, 2012 are summarized below:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 1,641,038	$	$	$ 1,641,038
	$ 1,641,038	$	$	$ 1,641,038

The Company had no assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31, 2013 and 2012.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments.

7. Convertible Notes

2007 Promissory Notes

In 2007, the Company issued convertible secured promissory notes for aggregate proceeds totaling $1,350,000 (the 2007 Notes). The 2007 Notes bore interest at a rate of 12% per annum and were payable at maturity. The 2007 Notes also contained a provision that provided for the automatic settlement with securities of the Company upon completion of a Qualified Financing, as defined in the 2007 Notes, and for the optional settlement with securities of the Company upon the closing of any other financing that did not qualify as a Qualified Financing, as defined in the 2007 Notes, both at 50% of the price per share of the security sold in the financing, among other conversion features. The Company concluded that the settlement of the 2007 Notes in connection with a Qualified Financing was the predominant settlement feature and as a result, accounted for the 2007 Notes as share settled debt. Accordingly, the 2007 Notes were accreted to their redemption value over the expected period to redemption. The 2007 Notes were set to expire during 2007. In anticipation of the sale of Series A Redeemable Convertible Preferred Stock (see Note 8), the maturity dates of the outstanding 2007 Notes were extended to the earlier of the closing of Series A Redeemable Convertible Preferred Stock, or January 31, 2008.

In connection with the issuance of Series A Redeemable Convertible Preferred Stock, in January 2008 (see Note 8), the holders of the 2007 Notes agreed to a modification of the conversion discount from 50% to 20%. On January 23, 2008, all of the outstanding principal and accrued interest thereon of the 2007 Notes were settled through the issuance of 45,228 shares of Series A Redeemable Convertible Preferred Stock (see Note 8). The Company recognized a gain on settlement of the 2007 Notes of $1,268,180 based on the difference between the aggregate fair value of the Series A Redeemable Convertible Preferred Stock issued upon settlement and the accreted carrying value of the 2007 Notes on January 23, 2008.

2008 Promissory Note

In August 2008, a holder of Series A Redeemable Convertible Preferred Stock advanced $1,200,000 to the Company in the form of a convertible note (the 2008 Note). The 2008 Note required, among other things, that the Company maintain an amount equal to the outstanding principal balance of the note in either a certificate of

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deposit, interest bearing account or other cash equivalent, approved by the holder, as collateral for the unpaid principal balance. The 2008 Note bore interest equal to all investment earnings on the cash held as collateral and was payable at maturity. The original maturity of the 2008 Note was June 30, 2009. In anticipation of the July 2009 sale of Series A Redeemable Convertible Preferred Stock (see Note 8), the maturity date was extended to July 15, 2009. The 2008 Note was originally convertible into 3,000,000 shares of Series A Redeemable Convertible Preferred Stock in fulfillment of the investor s commitments under the 2008 Milestone Offering, which was part of the January 23, 2008 Series A Redeemable Convertible Preferred Stock issuance. The 2008 Milestone Offering was cancelled in May 2009, effectively removing the conversion feature included in the 2008 Note. In addition, in May 2009, the principal value of the 2008 Note was reduced to $895,946 upon the issuance of a new convertible promissory note in the principal amount of $304,054 (see below).

On July 15, 2009, the principal balance and accrued interest thereon of the 2008 Note of $916,137 was applied towards the holder s purchase of Series A Redeemable Convertible Preferred Stock in the associated round of financing. As a result, the Company issued 22,904 shares of Series A Redeemable Convertible Preferred Stock in settlement of its obligations under the 2008 Note in July 2009. The gain on the settlement of the 2008 Note was $11,452, based on the difference between the aggregate fair value of the Series A Redeemable Convertible Preferred Stock issued upon settlement and the carrying value of the 2008 Note at the date of settlement.

2009 Promissory Notes

In May 2009, the Company issued additional convertible secured promissory notes for aggregate proceeds totaling $1,395,715. These convertible secured promissory notes have the same terms as the $304,054 of convertible promissory notes issued in exchange for a portion of the 2008 Note, as discussed above (collectively, the 2009 Notes). The notes bore interest at a rate of 10% per annum and were payable at maturity. The 2009 Notes also contained a provision that provided for the automatic settlement with securities of the Company upon completion of a Qualified Financing, as defined in the 2009 Notes, at 60% of the price per share of the security sold in the financing. In addition, the 2009 Notes were convertible into shares of the Company s Series A Redeemable Convertible Preferred Stock at the option of the holder at $40.00 per share. The Company concluded that the settlement of the 2009 Notes in connection with a Qualified Financing was the predominant settlement feature and as a result, accounted for the 2009 Notes as share settled debt. Accordingly, the 2009 Notes were accreted to their redemption value over the expected period to redemption. The maturity date of the 2009 Notes was originally December 31, 2009, but was extendable to December 31, 2010, at the option of the Company, with consent of the lender.

On July 15, 2009, all of the outstanding principal and accrued interest thereon of the 2009 Notes were settled through the issuance of 72,201 shares of Series A Redeemable Convertible Preferred Stock (see Note 8). The Company recognized a gain on settlement of the 2009 Notes of $36,101 based on the difference between the aggregate fair value of the Series A Redeemable Convertible Preferred Stock issued upon settlement and the accreted carrying value of the 2009 Notes on July 15, 2009.

8. Redeemable Convertible Preferred Stock

Preferred Stock Financings

2007 Series X Convertible Preferred Stock

In September 2007, the Company issued 9,938 shares of 2007 Series X Preferred Stock to The Procter & Gamble Company in consideration for an exclusive worldwide license agreement to certain patents and technology. The value of these shares was charged to research and development expense based on the fair value of the stock at the time of issuance.

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The 2007 Series X Preferred Stock shared ratably with the common stock in liquidation, and at issuance was convertible into common stock at a rate equal to 19.9% of the post-conversion common stock equivalents outstanding. In connection with the issuance of Series A Redeemable Convertible Preferred Stock in January 2008, the 2007 Series X Preferred Stock became convertible into common stock at a rate of 12.69 shares for each share outstanding at the option of the holder, and automatically convertible into common stock on May 1, 2008. The modification of the 2007 Series X Preferred Stock has been treated as an extinguishment. On May 1, 2008, all outstanding shares of 2007 Series X Preferred Stock converted into 126,082 shares of common stock.

2012 Series X Preferred Stock

On July 9, 2012, the Company issued 25,000 shares of 2012 Series X Preferred Stock at $100.00 per share for aggregate proceeds of $2,500,001. The terms of the 2012 Series X Preferred Stock at issuance provided that the 2012 Series X Preferred Stock were redeemable at a price of $200.00 per share at the earlier of a Deemed Liquidation Event, as defined, or March 31, 2013. In accordance with the guidance in ASC No. 480, *Distinguishing Liabilities from Equity*, the shares of 2012 Series X Preferred Stock were considered mandatorily redeemable and classified as liabilities upon issuance. The 2012 Series X Preferred Stock were being accreted to the redemption amount over the period from issuance to March 31, 2013.

In March 2013, the Company issued an additional 25,000 shares of 2012 Series X Preferred Stock at $100.00 per share for aggregate proceeds of $2,500,001. In addition, the terms of the 2012 Series X were modified to (i) remove the redemption feature, and (ii) add a conversion feature, which provided the 2012 Series X Preferred Stock, unless converted earlier, were convertible upon the earlier of (a) the approval of the holders of at least 60% of the Series X Convertible Preferred Stock, or (b) June 30, 2013 into a number of shares of Series B Redeemable Convertible Preferred Stock determined by dividing $100.00 per share by the Series X Conversion Price in effect at the time of conversion. The Series X Conversion Price was $14.00 per share. In addition, the Series X Convertible Preferred Stock was automatically convertible into fully paid non-assessable shares of capital stock of the Company upon the occurrence of a financing which includes (i) the sale of shares of capital stock that are senior or pari passu with the Series B Redeemable Convertible Preferred Stock with gross proceeds to the Company of at least $10,000,000, or (ii) in the event of a license deal, a financing plus up-front payment from a licensing transaction which results in gross proceeds to the Company of at least $30,000,000. Each share of Series X Preferred Stock is automatically converted upon closing of the financing into the number of shares of stock issued in the financing equal to the number of shares of Series X Preferred Stock times $100, divided by the lowest price paid per share by any investor in the financing. Subsequent to the modification in March 2013, as a result of the removal of the mandatory redemption provisions, the shares of 2012 Series X Preferred Stock were reclassified as temporary equity since the 2012 Series X Preferred Stock could be redeemed at the option of the holder upon Deemed Liquidation Events, as defined. The Company has accounted for the amendment to the 2012 Series X Preferred Stock as an extinguishment of the prior security, which was classified as a liability and the issuance of a new preferred stock due to the significance of the modifications to the substantive contractual terms of the preferred stock and the associated fundamental changes to the nature of the preferred stock. The Company recorded a gain of $2,419,766 in the statement of operations and comprehensive loss for the period ended December 31, 2013 based on the excess of the book value over the fair value of the revised 2012 Series X Convertible Preferred Stock at the date of the modification of $2,486,251. The fair value of the 2012 Series X Convertible Preferred Stock was determined using a hybrid method, in which one scenario assumed the conversion of preferred shares to common stock in an IPO, and a second scenario allocated value to the preferred shares using the option-pricing method.

Upon the closing of the Series C Redeemable Convertible Preferred Stock financing in May 2013, all of the outstanding shares of 2012 Series X Preferred Stock were converted into 357,143 shares of Series C Redeemable Convertible Preferred Stock.

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Redeemable Convertible Preferred Stock

On January 23, 2008, the Company issued 226,500 shares of Series A Redeemable Convertible Preferred Stock at $40.00 for aggregate proceeds of $9,060,000, less issuance costs of $90,453. In connection with the financing, the Company settled all outstanding 2007 Notes, including accrued interest, with 45,228 shares of Series A Redeemable Convertible Preferred Stock which was recorded at fair value of $1,626,386 (see Note 7). Additionally, the investors in Series A Redeemable Convertible Preferred Stock agreed to purchase 151,000 additional shares at a price of $40.00 per share upon the achievement of certain defined milestones (the 2008 Milestone Offering), which the Company concluded should be accounted for as a freestanding financial instrument. The Company allocated $610,040 of the proceeds to the 2008 Milestone Offering based on the fair value at issuance. The 2008 Milestone Offering was cancelled in May 2009. The reduction of the fair value of the 2008 Milestone Offering has been reflected in net loss for the year ended December 31, 2009.

On July 15, 2009, the Company issued 238,955 shares of Series A Redeemable Convertible Preferred Stock at $40.00 per share for aggregate proceeds of $9,558,209, less issuance costs of $44,008. Additionally, the investors in Series A Redeemable Convertible Preferred Stock agreed to purchase 86,850 additional shares at a price of $40.00 per share upon the achievement of certain defined milestones (the 2009 Milestone Offering), which the Company concluded should be accounted for as a freestanding financial instrument. The Company allocated $43,425 of the proceeds to the 2009 Milestone Offerings based on the fair value at issuance. The 2009 Milestone Offering was cancelled in July 2010. The reduction of the fair value of the 2009 Milestone Offering has been reflected in net loss for the year ended December 31, 2010.

In connection with the July 15, 2009 issuance, the Company issued an additional 22,904 shares in settlement of the 2008 Note. In addition, the Company settled all outstanding 2009 Notes including accrued interest with 72,201 shares of Series A Redeemable Convertible Preferred Stock. The shares of Series A Redeemable Convertible Preferred Stock issued in exchange of the 2008 Notes and 2009 Notes, were recorded at fair value at the date of issuance of $904,685 and $2,851,929, respectively.

On November 4, 2009, the Company issued 3,750 shares of Series A Redeemable Convertible Preferred Stock at $40.00 per share for aggregate proceeds of $150,000. Additionally, the investor in the financing agreed to purchase an additional 1,250 shares at a price of $40.00 as part of the 2009 Milestone Offering. The Company did not allocate any of the proceeds to the additional participant in the 2009 Milestone Offering, since the fair value was immaterial.

On June 7, 2010, the Company issued 125,000 shares of Series A Redeemable Convertible Preferred Stock at $40.00 per share for aggregate proceeds of $5,000,000, less issuance costs of $29,403.

On April 6, 2011, the Company issued 857,142 shares of Series B Redeemable Convertible Preferred Stock at $14.00 per share for aggregate proceeds of $11,999,998, less issuance costs of $293,905. On April 21, 2011, the Company issued 138,954 shares of Series B Redeemable Convertible Preferred Stock at $14.00 per share for total aggregate proceeds of $1,945,343. On December 23, 2011, the Company issued 291,429 shares of Series B Redeemable Convertible Preferred Stock at $14.00 per share for total proceeds of $4,080,000, less issuance costs of approximately $9,000.

On May 10, 2013, the Company issued 2,202,887 shares of Series C Redeemable Convertible Preferred Stock at $14.00 per share for aggregate proceeds of $30,840,388. In addition, on May 31, 2013, the Company issued additional 742,855 shares of Series C Redeemable Convertible Preferred Stock at $14.00 per share for aggregate proceeds of $10,400,000. The issuance costs related to the issuances of Series C Redeemable Convertible Preferred Stock were $1,151,923.

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Summary of Redeemable Convertible Preferred Stock and 2012 Series X Preferred Stock

As of December 31, 2013, the authorized capital stock of the Company included 5,500,636 shares of preferred stock, par value $0.00001 per share, of which: (i) 734,538 shares have been designated as Series A redeemable convertible preferred stock (Series A Redeemable Convertible Preferred Stock), (ii) 1,287,525 shares have been designated as Series B redeemable convertible preferred stock (Series B Redeemable Convertible Preferred Stock), (iii) 3,428,572 shares have been designated as Series C redeemable convertible preferred stock (Series C Redeemable Convertible Preferred Stock) and (v) 50,001, shares have been designated as Series X convertible preferred stock (Series X Convertible Preferred Stock). There is no outstanding Series X Convertible Preferred Stock as of December 31, 2013. The Series A Redeemable Convertible Preferred Stock, the Series B Redeemable Convertible Preferred Stock and the Series C Redeemable Convertible Preferred Stock are collectively referred to as the Redeemable Convertible Preferred Stock.

General

The rights, preferences and privileges of the preferred stock are as follows:

Voting

The holders of shares of Redeemable Convertible Preferred Stock are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of the applicable series of Redeemable Convertible Preferred Stock held by such holder are convertible relating to any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company, or by written consents of stockholders in lieu of meetings. Except as provided by law or otherwise, the holders of shares of Redeemable Convertible Preferred Stock vote together with the holders of shares of common stock as a single class.

The affirmative vote or written consent of the holders of shares constituting 50% (the Appropriate Percentage) of the then outstanding shares of Redeemable Convertible Preferred Stock is required in order for the Company to, among other things: (i) liquidate, dissolve or wind-up the business and affairs of the Company or effect any Deemed Liquidation Event, as defined, (ii) amend, alter or repeal any provision of the Company s Certificate of Incorporation or bylaws that adversely affects the powers, preferences or rights of the Redeemable Convertible Preferred Stock, (iii) create or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock or increase the authorized number of shares of any class of Redeemable Convertible Preferred Stock or increase the authorized number of shares of any additional class or series of capital stock, (iv) reclassify, alter or amend any security of the Company which is pari passu with or junior to any class of the Redeemable Convertible Preferred Stock with respect to the payment of dividends or rights of redemption if such reclassification, alteration or amendment would render such other security senior to any class of Redeemable Convertible Preferred Stock with respect to any such right, preference or privilege, (v) purchase, redeem, pay or declare any dividend or make any distribution on, any shares of capital stock other than (1) redemptions of or distributions on Redeemable Convertible Preferred Stock as expressly authorized by the certificate of incorporation and (2) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, including the conversion of accrued and unpaid dividends on the Series C Redeemable Convertible Preferred Stock into additional shares of Common Stock pursuant to the articles of incorporation or (3) repurchases of stock from former employees, officers, directors, consultants or other persons, who performed services for the Company, in connection with the cessation of such employment or service that are approved by the Board of Directors, (vi) create, or authorize the creation of, or issue, or authorize the issuance of, any debt security, (vii) create or hold capital stock in, any subsidiary that is not wholly owned by

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the Company or sell, transfer or otherwise dispose of any capital stock of any subsidiary of the Company or permits any subsidiary to sell, lease, transfer or exclusively license or otherwise dispose of all or substantially all of the assets of such subsidiary or (viii) increase or decrease the authorized number of directors constituting the Company s Board of Directors.

Additionally, the affirmative vote by holders of at least 75% of the then-outstanding shares of Series C Redeemable Convertible Preferred Stock is required in order to (1) declare or pay any dividend on Series C Redeemable Convertible Preferred Stock, (2) amend, modify or waive the Company s Certificate of Incorporation in a manner that adversely affects the powers, preferences or rights to the Series C Redeemable Convertible Preferred Stock or (3) increase or decrease the number of authorized shares of Series C Redeemable Convertible Preferred Stock. The affirmative vote by holders of 65% of the then outstanding shares of Series B Redeemable Convertible Preferred Stock is required to (1) amend, modify or waive the Company s Certificate of Incorporation in a manner that adversely affects the powers, preferences or rights of the Series B Redeemable Convertible Preferred Stock or (2) increase or decrease the number of authorized shares of Series B Redeemable Convertible Preferred Stock. The affirmative vote of holders of 65% of the then-outstanding shares of Series A Redeemable Convertible Preferred Stock is required to (1) amend, modify or waive the Company s Certificate of Incorporation in a manner that adversely affects the powers, preferences or rights of the Series A Redeemable Convertible Preferred Stock, or (2) increase or decrease the number of authorized shares of Series B Redeemable Convertible Preferred Stock.

The holders of shares of Redeemable Convertible 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 Redeemable Convertible Preferred Stock on an as converted basis), are entitled to elect three members of the Company s Board of Directors, which is subject to reduction to two directors under certain circumstances.

Dividends

The holders of shares of Redeemable Convertible Preferred Stock are entitled to receive dividends, at a rate of 6% for the Series A Redeemable Convertible Preferred Stock and the Series B Convertible Preferred Stock and 8% for the Series C Convertible Preferred Stock. Dividends accrue daily (and compound quarterly) whether or not declared and are cumulative. Dividends are payable only if permitted by law and when and if declared by the Board of Directors. The holders of Series X Convertible Preferred Stock are not entitled to dividends.

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 holders of more than 50% of the shares of Redeemable Convertible Preferred Stock, the holders of shares of Series C Redeemable Convertible Preferred Stock then outstanding are entitled to be paid out, of the assets of the Company available for distribution to stockholders, an amount per share equal to $28.00, subject to appropriate adjustment, plus an amount equal to 200% of any accrued but unpaid dividends thereon (Series C Liquidation Amount), before any payment is made to the holders of shares of Series B Redeemable Convertible Preferred Stock, holders of shares of Series A Redeemable Convertible Preferred Stock or holders of shares of Common Stock. Next, the holders of shares of Series B Redeemable Convertible Preferred Stock then outstanding are entitled to be paid out of the assets of the Company available for distribution to stockholders, an amount per share equal to $14.00, per share, subject to appropriate adjustment, plus any accrued but unpaid dividends thereon (Series B Liquidation Amount), before

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any payment is made to the holders of shares of Series A Redeemable Convertible Preferred Stock or holders of shares of Common Stock. Next, the holders of shares of Series A Redeemable Convertible Preferred Stock then outstanding are entitled to be paid, out of the assets of the Company available for distribution to stockholders, an amount per share equal to $40.00, subject to appropriate adjustment, plus any accrued but unpaid dividends thereon (Series A Liquidation Amount), before any payment is made to the holders of shares of Common Stock. In the event the assets of the Company available for distribution to stockholders are insufficient to permit payment of the full amount to which each shareholder is entitled, holders of shares of capital stock will share ratably in any distribution of the remaining assets of the Company in proportion to the respective amounts which would otherwise be payable under the circumstances in the order of liquidation preference.

After the payment of all preferential amounts required to be paid to the holders of shares of Redeemable Convertible Preferred Stock, the remaining assets of the Company available for distribution to stockholders will be distributed among the holders of shares of Redeemable Convertible Preferred Stock and Common Stock, pro rata based on the number of shares held by each such 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.

Conversion

Each share of Redeemable Convertible 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. Each share of Series C Redeemable Convertible Preferred Stock is convertible into that number of common shares as is determined by dividing the Series C Accrued Value by the Applicable Conversion Price. The Series C Accrued Value is defined as the Applicable Original Purchase Price ($14.00 per share for the Series C Redeemable Convertible Preferred Stock as of December 31, 2013, subject to adjustment) plus accrued but unpaid dividends. Each share of Series B Redeemable Convertible Preferred Stock and Series A Redeemable Convertible Preferred Stock is convertible into that number of common shares as is determined by dividing the Applicable Original Purchase Price of such share ($14.00 per share for the Series B Redeemable Convertible Preferred Stock and $40.00 per share for the Series A Convertible Preferred Stock, as of December 31, 2013, subject to adjustment) by the Applicable Conversion Price ($8.00 per share for all Redeemable Convertible Preferred Shares, as of December 31, 2013). The Applicable Conversion Price is subject to adjustment in the future upon the occurrence of certain events.

Each share of Redeemable Convertible Preferred Stock is automatically convertible into fully paid and non-assessable shares of common stock upon either: (i) the closing of the sale of shares of the Company s common stock to the public in an underwritten public offering 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 shares constituting 65% of the then outstanding shares of either Series C Redeemable Convertible Preferred Stock, Series B Redeemable Convertible Preferred Stock or Series A Redeemable Convertible Preferred Stock, respectively, voting as a separate class.

The Company evaluated each series of its preferred stock and determined that each individual series is considered an equity host under ASC No. 815, *Derivatives and Hedging* (ASC 815). In making this determination, the Company s analysis followed the whole instrument approach, which compares an individual feature against the entire preferred stock instrument which 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

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preferred stock and (v) the existence and nature of any conversion rights. As a result of the Company s conclusion that the preferred stock represents an equity host, the conversion feature of all series of preferred stock is considered to be clearly and closely related to the associated preferred stock 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 No. 470-20, *Debt with Conversion and Other Options* (ASC 470-20). At the time of each of the issuances of Redeemable Convertible Preferred Stock and the Series X Convertible Preferred Stock, the Company s Common Stock (or Series B Redeemable Convertible Preferred Stock in the case of the Series X Convertible Preferred 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 intrinsic value on the respective commitment dates.

Redemption

The Redeemable Convertible Preferred Stock shall be redeemed by the Company at a price equal to the greater of (i) the Applicable Accrued Value or (ii) the fair market value per share, in three annual installments commencing not more than 60 days following receipt by notice, at any time after July 16, 2015, from holders of more than 50% of the shares of Redeemable Convertible Preferred Stock then outstanding. For the Series C Redeemable Convertible Preferred Stock, the Series B Redeemable Convertible Preferred Stock and the Series A Redeemable Convertible Preferred Stock, the Applicable Accrued Value is equal to the Series C Liquidation Amount, the Series B Liquidation Amount and the Series A Liquidation Amount, respectively. With the exception of the Series B Redeemable Convertible Preferred Stock at December 31, 2013, the Applicable Accrued Value has exceeded each series respective fair market value for all periods presented. In accordance with the guidance in ASC No. 480, *Distinguishing Liabilities from Equity* (ASC 480), shares of Redeemable Convertible Preferred Stock are classified outside of permanent stockholders deficit. 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. Therefore, the Series C Redeemable Convertible Preferred Stock, the Series B Redeemable Convertible Preferred Stock and the Series A Redeemable Convertible Preferred Stock are carried at their respective redemption values. As of December 31, 2013, the redemption values of Series C Redeemable Convertible Preferred Stock and the Series A Redeemable Convertible Preferred Stock are equal to their respective liquidation preferences. As of December 31, 2013, the redemption value of the Series B Redeemable Convertible Preferred Stock is not equal to the liquidation preference as a result of its fair value exceeding its Applicable Accrued Value. The fair value of the Redeemable Convertible Preferred Stock are based upon the probability-weighted expected returns method (PWERM), which is a level 3 fair value measure. Under PWERM, the values of various equity securities are estimated upon an analysis of future values of the Company, assuming various outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the Company, as well as the rights of each share class. The three scenarios considered included IPO, sale of the Company, and liquidation of the Company s assets.

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Extinguishments of Preferred Stock

In connection with the issuance of the Series A Redeemable Convertible Preferred Stock on January 23, 2008, certain rights, preferences and privileges for the outstanding 2007 Series X Convertible Preferred Stock were modified. More specifically, the conversion feature was modified to fix the conversion of each share of 2007 Series X Convertible Preferred Stock into 12.69 shares of common stock. In addition, the conversion feature was modified to include an automatic conversion upon the earlier of (i) a Deemed Liquidation Event, as defined, or (ii) May 1, 2008.

The Company has accounted for the amendment to the rights, preferences and privileges of the 2007 Series X Convertible Preferred Stock as an extinguishment of the old preferred stock and issuance of new preferred stock due to the significance of the modifications to the substantive contractual terms of the preferred stock and the associated fundamental changes to the nature of the preferred stock. Accordingly, the Company recorded a loss of $597,174 within stockholders deficit equal to the difference between the fair value of the new shares of preferred stock issued and the carrying amount of the old shares of preferred stock extinguished. The loss on extinguishment is reflected as an adjustment to the net loss available to common stockholders in accordance with ASC No. 260, *Earnings per Share* (ASC 260). The fair value of the 2007 Series X Convertible Preferred Stock was determined primarily based on the underlying value of the common stock to be received upon conversion of the 2007 Series X Convertible Preferred Stock.

9. Stockholders Equity

As of December 31, 2013, the authorized capital stock of the Company included 14,700,000 shares of common stock, par value $0.00001 per share.

On May 10, 2013, the Company affected a one hundred-for-one reverse stock split. Unless otherwise indicated, all share data and per share amounts in these financial statements have been retroactively adjusted to reflect the reverse stock split.

General

The voting, dividend and liquidation rights of the holders of shares of Common Stock are subject to and qualified by the rights, powers and preferences of the holders of shares of Redeemable Convertible Preferred Stock. The Common Stock has the following characteristics:

Voting

The holders of shares 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 shares of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation of pursuant to General Corporation Law.

Dividends

The holders of shares 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 Redeemable Convertible Preferred Stock in accordance with their respective terms. As of December 31, 2013, no dividends have been declared or paid to the holders of Common Stock since the inception of the Company.

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Liquidation

After payment to the holders of shares of Redeemable Convertible Preferred Stock of their liquidation preferences, the holders of Common Stock are entitled to share ratably in the Company s assets available for distribution to stockholders, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company.

Reserved for Future Issuance

As of December 31, 2012 and December 31, 2013 based on the authorized shares for each series, the Company has reserved the following shares of Common Stock for future issuance:

	December 31, 2012	December 31, 2013
Conversion of Series A Redeemable Convertible Preferred Stock	3,672,673	3,672,673
Conversion of Series B Redeemable Convertible Preferred Stock	2,875,000	2,253,157
Conversion of Series C Redeemable Convertible Preferred Stock		6,296,451
Options to purchase common stock	489,568	1,251,398
Shares available for future issuance	972,176	155,108
Total	8,009,417	13,628,787

10. Income Taxes

These was no current or deferred income tax expense or benefit for the years ended December 31, 2013 and 2012, due to the Company s net losses and increases in its deferred tax asset valuation allowance.

The U.S. components of loss before income taxes, and a reconciliation of the statutory federal income tax with the provision for income taxes, follow:

	Year Ended December 31, 2012	2013
Federal tax at statutory rate	34.0%	34.0%
State and local tax at statutory rate	0.7	0.8
Research and development tax credits	0.0	4.2

Disqualified interest expense	(7.0)	(1.9)
Cancellation of debt income	0.0	6.2
Equity compensation	(0.5)	(2.6)
Change in valuation allowance	(27.2)	(40.7)
Effective tax rate	%	%

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.

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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 tax purposes. Significant components of the Company s deferred tax assets and liabilities are as follows:

	December 31, 2012	December 31, 2013
Deferred tax assets:		
Net operating loss carry-forwards	$ 13,074,606	$ 17,916,817
Intangible assets	660,635	602,784
Research and development credit carry-forwards	1,261,955	1,821,403
Accrued expenses	76,586	189,648
Other	14,932	24,371
Deferred tax assets	15,088,714	20,555,023
Deferred tax liabilities:		
Accumulated depreciation		925
Stock-based compensation		107,556
Deferred tax liabilities		108,481
Less: valuation allowance	(15,088,714)	(20,446,542)
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 deferred tax assets. The Company continues to maintain the underlying tax benefits to offset future taxable income, and to monitor the need for a valuation allowance based on the profitability of its future operations.

At December 31, 2012 and December 31, 2013, the Company has approximately, $1,443,000 (after amortization of $524,700) and $1,312,000 (after amortization of $656,000), respectively, of start-up expenses capitalized for income tax purposes with amortization available to offset future federal, state and local income tax. Additionally, at, December 31, 2012 and December 31, 2013, the Company has approximately, $37,673,000 and $51,620,000, respectively, of net operating loss (NOL) carry-forwards, and $1,261,000 and $1,821,000, respectively, of research and development tax credit carry-forwards. The NOL and research and development tax credit carry-forwards begin to expire in 2027, and will be utilized for tax purposes at such time the Company generates taxable income. The NOL and research and development tax credit carry-forwards may be limited in certain circumstances, including ownership changes.

Under the provisions of the Internal Revenue Code, the net operating loss and tax credit carry-forwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. Net operating loss and tax credit carry-forwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state

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provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. The Company has completed several financings since its inception, which may have resulted in a change in control as defined by Sections 382 and 383 of the Internal Revenue Code, or could result in a change in control in the future. If any of the financings meet the definition of a change in control under Sections 382 and 383 of the Internal Revenue Code, it is possible that a substantial portion of the NOL s and credit carry-forwards could be limited.

Prior to legislation enacted in January 2013, the research and development tax credit was not in place for the 2012 tax year. Accordingly, the Company has not recorded a deferred tax asset for the 2012 research and development tax credit at December 31, 2012. For applicable years, the Company generated research credits but has not conducted a study to document its qualified activities. Such a study may result in an adjustment to the Company s research and development credit carry-forwards; 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 credits 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 carry-forwards and the valuation allowance.

As of December 31, 2012 and December 31, 2013, the Company had no accrued uncertain tax positions or associated interest or penalties and no amounts have been recognized in the Company s consolidated statements of operations.

The Company files income tax returns in the US federal jurisdiction, and various state jurisdictions. The Company s 2009 to 2012 tax years remain open and subject to examination by federal and state taxing authorities.

11. Commitments and Contingencies

In December 2013, the Company entered into a three-year lease for 6,837 square feet of office space in Cambridge, Massachusetts. The lease has monthly lease payments of approximately $31,000 for the first twelve months, with annual rent escalation thereafter, and provides a rent abatement of approximately $31,000 for the first full calendar month of the lease term. The lease term commences and rental payments begin in January 2014. The Company will record a deferred lease obligation in 2014 which will represent the cumulative difference between actual facility lease payments and lease expense recognized ratably over the lease period. The Company did not have rent expense associated with this lease in 2013.

The Company leases office equipment under a three year capital lease with payments commencing in 2014.

At December 31, 2013, the Company s future minimum payments required under these leases are as follows:

	Operating lease	Capital lease	Total
2014	$ 344,699	$ 3,850	$ 348,549
2015	382,872	4,200	387,072
2016	389,709	4,200	393,909
2017		350	350
Total	$ 1,117,280	12,600	$ 1,129,880
Less amount representing interest		684	
Present value of minimum lease payments at December 31, 2013		$ 11,916	

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The Company contracts with various organizations to conduct research and development activities with remaining contract costs to the Company of $737,030 and $4,477,081 at December 31, 2012 and December 31, 2013, respectively. The scope of the services under the research and development contracts can be modified and the contracts cancelled by either party upon written notice.

12. Stock-Based Compensation

In connection with the sale of the Series A and Series B Redeemable Convertible Preferred Stock, the Company approved the creation of an equity incentive plan. There are 1,406,507 shares of the Company s Common Stock that are reserved for issuance under the plan at December 31, 2013. The plan allows for the grant of incentive stock options and non-qualified stock options to purchase common stock or stock bonuses, or restricted stock awards for management and certain persons performing services or who have performed services in the past for the Company.

Stock Options

The options granted to directors and non-employees vest over periods of between 12 and 48 months. For employees with less than one year s worth of service, options vest in installments of (i) 25% at the one year anniversary and (ii) in either 36 equal monthly or 12 equal quarterly installments beginning in the thirteenth 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 (as defined), subject to the employee s continuous service with the Company. Options generally expire ten years after the date of grant.

The assumptions used in the Black-Scholes option pricing model to estimate the grant date fair value of options granted to employees are as follows:

	December 31,	
	2012	**2013**
Risk-free interest rate	0.95%	1.71% 2.03%
Dividend yield	0.00%	0.00%
Volatility	73.00%	75.00% 79.00%
Expected term (years)	6.25	6.25

The weighted-average fair values of options granted to employees are as follows:

Period	Weighted-Average Fair Value of Options Granted
2013	$ 3.89
2012	$ 0.33
2011	$ 0.75
2010	$ 1.52
2009	$ 5.97
2008	$ 4.29

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The following table summarizes the Company s stock option activity:

	Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Life (in years)	Aggregate Intrinsic Value (a)
Outstanding, January 1, 2008		$		
Granted	181,375	0.86		
Exercised				
Expired/cancelled				
Outstanding, December 31, 2008	181,375	$ 0.86		
Granted	80,761	0.86		
Exercised				
Expired/cancelled	(1,575)	0.86		
Outstanding, December 31, 2009	260,561	$ 0.86		
Granted	115,640	0.86		
Exercised				
Expired/cancelled				
Outstanding, December 31, 2010	376,201	$ 0.86		
Granted	42,577	0.86		
Exercised				
Expired/cancelled				
Outstanding, December 31, 2011	418,778	$ 0.86		
Granted	70,789	0.86		
Exercised				
Expired/cancelled				
Outstanding, December 31, 2012	489,567	$ 0.86		
Granted	921,107	1.06		
Exercised	(14,357)	0.86		
Forfeited	(8,064)	0.86		

Expired/cancelled	(136,855)		0.86		
Outstanding, December 31, 2013	1,251,398	$	1.01	8.79	$ 8,025,417
Options exercisable, December 31, 2013	288,316	$	0.86	5.87	$ 1,892,994
Expected to vest, December 31, 2013	963,082	$	1.06	9.66	$ 6,123,713

As of December 31, 2013, there was approximately $3,400,000 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of 2.3 years.

During 2011, all outstanding stock options granted prior to the issuance of the Series B Redeemable Convertible Preferred Stock were amended to increase the number of option shares from 134,101 to 376,201, and reduce the exercise price per share of each outstanding option from $2.29 to $0.86. The increased option shares resulting from the modification were vested in the same proportion as the pre-modification option shares. The fair value of the outstanding options was compared pre- and post-modification, resulting in an incremental fair value of approximately $93,000 to be recognized as additional compensation cost over the remaining requisite service period.

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During November 2012, outstanding stock options granted to certain employees transferred to Aerpio were modified to allow these former employees to continue to vest in their awards. Because the employees were transferred to Aerpio, the employees were not expected to vest in the original award under its terms, the Company reversed approximately $62,000 in previously recognized compensation cost in November 2012. The Company recognized the fair value of the new modified award over the requisite service period. However, no substantive future services will be provided to the Company. Accordingly, the Company has accounted for the modification as a severance arrangement with no future service requirement, and has immediately expensed the full fair value of the modified award in 2012, resulting in incremental compensation cost of approximately $10,000.

A single employee was subsequently transferred to Aerpio in September 2013, with a similar modification. The fair value of the new modified award was expensed in 2013, resulting in incremental compensation cost of approximately $50,000.

Restricted Stock

On June 15, 2011, March 26, 2010 and October 15, 2009, certain employees of the Company purchased 254,457, 18,555 and 55,080 shares, respectively of common stock at a purchase price of $0.86, $2.29 and $2.29 per share, respectively, under the terms of a restricted stock award. These shares were purchased in exchange for promissory notes (the Promissory Notes). The shares vest ratably over 48 equal monthly installments beginning on the initial Vesting Commencement Date (as defined), subject to the employee s continuous service with the Company. The Company may purchase all of the unvested shares following the employee s termination at the original purchase price. 303,702 and 219,517 shares were vested at December 31, 2013 and December 31, 2012, respectively. The Promissory Notes accrue interest at the rate of 6% per annum, and are repayable at the earlier of (a) an initial public offering; (b) the sale of the Company or substantially all of its assets; (c) the termination of the employee; or (d) five years from origination. The Promissory Notes are partially collateralized by the assets of the employee.

The Company has accounted for the Promissory Notes as non-recourse in their entirety since the Promissory Notes are not aligned with a corresponding percentage of the underlying shares and the recourse provisions are not substantive as the Company generally does not intend to pursue collection on the recourse portion of the Promissory Notes. Accordingly, the non-recourse notes received by the Company as consideration for the issuance of the restricted stock has been considered a stock option for accounting purposes as the substance is similar to the grant of an option since the employee generally will relinquish the stock in lieu of repaying the Promissory Note.

The fair value of the restricted stock granted to employees in exchange for a Promissory Note is estimated on the grant date using the Black-Scholes option pricing model. The exercise price is the principal due on the Promissory Note. The stated interest rate of the Promissory Notes is reflected as the dividend yield. The fair value of the award is recognized over the requisite service period (not the term of the Promissory Note) through a charge to compensation cost. The maturity date of the Promissory Notes reflect the legal term for purposes of valuing the award. The grant date fair value was estimated using the following assumptions:

	December 31, 2012	December 31, 2013
Risk-free interest rate	0.95%	1.71%
Dividend yield	6.00%	3.00%
Volatility	73.00%	79.00%
Expected term (in years)	5	5

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On May 9, June 6 and June 15, 2013, the terms of the Promissory Notes were amended to (i) reduce the principal owed, and (ii) reduce the interest rate from 6% per annum to 3% per annum, and (iii) increase the term of the note to ten years from the modification date. The fair value of the outstanding awards was compared pre- and post-modification, resulting in an incremental fair value of $117,000 to be recognized as additional compensation cost over the remaining requisite service period. The Company further reduced the principal owed under the Promissory Note for an employee in 2014.

The Company also grants restricted stock awards to employees and non-employees without related promissory notes. Restricted stock awards without promissory notes generally vest in installments of (i) 25% at the one year anniversary and (ii) in either 36 equal monthly or 12 equal quarterly installments beginning in the thirteenth month after the initial Vesting Commencement Date (as defined), subject to the employee s continuous service with the Company.

On December 23, 2013, the Company issued 450,224 shares of restricted stock to employees and 79,067 shares of restricted stock to non-employees at a grant date fair value of $7.42 per share. The awards of restricted stock contain a performance condition wherein vesting is contingent upon the Company s consummation of a Liquidity Event, as defined, prior to the fifth anniversary of the date of grant. Certain of the awards of restricted stock have a requisite service period that was complete upon grant. The remainder of the awards of restricted stock have a requisite service period of four years whereby the award vests 25% on the one year anniversary of the Vesting Commencement Date (as defined), then ratably on the first day of each calendar quarter for 12 quarters, subject to continuous service by the individual and achievement of the performance target. Due to the nature of the performance condition, recognition of compensation cost has been deferred until the occurrence of a Liquidity Event, as defined.

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A summary of the Company s restricted stock activity is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested balance, January 1, 2008		$
Granted		
Vested		
Forfeited		
Unvested balance, December 31, 2008		$
Granted*	55,080	4.08
Vested		
Forfeited		
Unvested balance, December 31, 2009	55,080	$ 4.08
Granted*	18,555	0.93
Vested	(17,605)	4.08
Forfeited		
Unvested balance, December 31, 2010	56,030	$ 3.04
Granted*	254,457	0.47
Vested	(119,889)	0.92
Forfeited		
Unvested balance, December 31, 2011	190,598	$ 0.95
Granted**	52,582	0.57
Vested	(82,023)	1.10
Forfeited		
Unvested balance, December 31, 2012	161,157	$ 0.74
Granted**	583,126	6.82
Vested	(109,972)	0.96
Forfeited	(6,611)	0.47

Unvested balance, December 31, 2013	627,700	$	6.39

* Grants of restricted stock awards with corresponding promissory notes; grant date fair value is estimated using the Black-Scholes option pricing model.

** Grants of restricted stock awards; grant date fair value is based on the estimated value of the Company s Common Stock.

As of December 31, 2013, there was approximately $78,000 of unrecognized compensation cost related to restricted stock grants with only service based vesting conditions, which is expected to be recognized over a weighted average period of 1.8 years. Additionally, as of December 31, 2013, there was approximately $3,929,000 of unrecognized compensation cost related to the restricted stock awards granted on December 23, 2013 with a performance condition, which will be recognized commencing upon the occurrence of a Liquidity Event, as defined.

Stock Awards

In connection with the termination of a former employee in September 2013, the Company granted the former employee stock awards totaling 70,964 shares in September 2013 and 105,753 shares in December 2013 of

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Common Stock, at a fair value of $3.77 per share and $7.42 per share, respectively. The fair values of the awards are based on the estimated fair value of the Company s Common Stock at the date of grant. Accordingly, compensation cost was recognized in full on the date of grant. The associated common shares immediately vested, and were not subject to any other restriction. Accordingly, compensation cost was recognized in full on the date of grant. Total compensation cost of approximately $1,053,000 was recognized during the year ended December 31, 2013 related to these awards.

Compensation Expense Summary

The Company has recognized the following compensation cost related to share-based awards:

Year Ended	Research and Development	General and Administrative	Total
2013	$ 110,686	$ 1,453,073	$ 1,563,759
2012	52,768	69,573	122,341
2011	175,418	132,011	307,429
2010	93,489	75,782	169,271
2009	57,234	47,503	104,737
2008	18,388	23,327	41,715
Total	$ 507,983	$ 1,801,269	$ 2,309,252

13. Employee Retirement Plan

During 2008, the Company established a retirement plan (the Plan) authorized by Section 401(k) of the Internal Revenue Code. In accordance with the Plan, 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 their date of employment. 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 2012 or 2013.

14. Employee Bonus Plan

The Company maintains a discretionary bonus plan for certain employees of the Company. Accrued bonuses under the plan were $152,293 and $439,435 at December 31, 2012 and 2013, respectively. These amounts are recorded as a component of Accrued expenses in the accompanying balance sheets. During the year-ended December 31, 2013 and 2012, the Company recognized $289,017 and $385,278 of bonus expense, respectively.

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15. Net Loss per Share

The following table presents the calculation of basic and diluted net loss per share applicable to common stockholders:

	Year Ended December 31, 2012	Year Ended December 31, 2013	February 27, 2007 (inception) through December 31, 2013
Numerator:			
Net loss	$ (8,195,957)	(13,167,180)	$ (63,041,917)
Accretion on preferred stock	(3,322,647)	(55,885,844)	(66,738,199)
Loss on extinguishment of preferred stock			(597,174)
Net loss applicable to common stockholders	$ (11,518,604)	$ (69,053,024)	$ (130,377,290)
Denominator:			
Weighted-average number of common shares basic and diluted	414,107	544,002	271,031
Net loss per share applicable to common stockholders basic and diluted	$ (27.82)	$ (126.94)	$ (481.04)

The amounts in the table below were excluded from the calculation of diluted net loss per share, prior to the use of the treasury stock method, due to their anti-dilutive effect:

	Year Ended December 31, 2012	Year Ended December 31, 2013	February 27, 2007 (inception) through December 31, 2013
Preferred stock	5,925,854	12,002,329	12,002,329

Outstanding stock options	489,568	1,251,398	1,251,398
Unvested restricted stock	161,158	627,701	627,701
Total	6,576,580	13,881,428	13,881,428

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The following table presents the calculation of basic and diluted pro forma net loss per share applicable to common stockholders (see Note 2 for additional information) (unaudited):

	Year Ended December 31, 2013 (unaudited)
Numerator:	
Net loss applicable to common stockholders	$ (69,053,024)
Accretion on preferred stock	55,885,844
Stock-based compensation expense for awards issued with performance-based vesting condition contingent upon occurrence of Liquidity Event, as defined	(136,974)
Pro forma net loss applicable to common stockholders	$ (13,304,154)
Denominator:	
Weighted-average number of common shares used in net loss per share applicable to common stockholders-basic and diluted	544,002
Pro forma adjustment to reflect assumed conversion of preferred stock to occur upon consummation of the initial public offering	9,588,303
Pro forma adjustment to reflect shares issued associated with awards that contain performance-based vesting condition contingent upon occurrence of Liquidity Event, as defined	223
Pro forma weighted-average number of common shares used in pro forma net loss per share applicable to common stockholders-basic and diluted	10,132,528
Pro forma net loss per share applicable to common stockholders-basic and diluted	$ (1.31)

16. Subsequent Events

As discussed in Note 2, 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 consider events through February 14, 2014, the date on which the financial statements were issued, and through March 7, 2014 as it relates specifically to the matter described below.

In connection with preparing for its initial public offering:

The Company s Board of Directors and stockholders approved a 1.75 for 1.00 stock split of the Company s common stock. The stock split became effective on March 6, 2014. All common share and common per share amounts in the consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to this stock split, including reclassifying an amount equal to the reduction in par value of common stock to additional paid-in capital and retained deficit, as applicable.

On February 28, 2014, the Board of Directors adopted the Akebia Therapeutics, Inc. 2014 Incentive Plan, or the 2014 Incentive Plan, and, following this offering, all equity-based awards will be granted under the 2014 Incentive Plan. As of the date of this prospectus, no awards have been made under the 2014 Incentive Plan. The 2014 Incentive Plan provides for awards of stock options, SARs, restricted stock, unrestricted stock, stock units, performance awards and other awards convertible into or otherwise based on shares of the Company s common stock. Eligibility for stock options intended to be incentive stock options is limited to employees. Dividend equivalents may also be provided in connection with an award under the 2014 Incentive Plan. The Company s employees, officers, directors and consultants and advisors are eligible to receive awards under the 2014 Plan.

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Through and including April 13, 2014 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.