UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-37566

Mirna Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**26-1824804**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2150 Woodward Street, Suite 100
Austin, TX **(Address of principal executive offices)**

78744
(Zip Code)

(512) 901-0900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 12, 2016 there were 20,835,868 shares of the registrant's common stock, par value $0.001 per share, outstanding.

Mirna Therapeutics, Inc.

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PART I—FINANCIAL INFORMATION

Item 1.

Condensed Financial Statements
Mirna Therapeutics, Inc.
Condensed Balance Sheets

(in thousands, except share and per share data)

	June 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 30,796	$ 89,713
Marketable securities	41,756	—
Prepaid expenses and other current assets	947	829
Total current assets	73,499	90,542
Property and equipment, net	1,237	375
Restricted cash	2,430	—
Total assets	$ 77,166	$ 90,917
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	$ 1,462	$ 3,687
Accrued expenses	2,193	2,214
Total liabilities	3,655	5,901
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, $0.001 par value, 5,000,000 shares authorized at June 30, 2016 and December 31, 2015; 0 shares outstanding at June 30, 2016 and December 31, 2015	—	—
Common stock, $0.001 par value; 250,000,000 shares authorized at June 30, 2016 and December 31, 2015; 20,835,868 and 20,830,555 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	21	21
Additional paid in capital	162,216	161,518
Accumulated other comprehensive income	6	—
Accumulated deficit	(88,732)	(76,523)
Total stockholders' equity	73,511	85,016
Total liabilities and stockholders' equity	$ 77,166	$ 90,917

The accompanying notes are an integral part of these condensed financial statements.

Mirna Therapeutics, Inc.
Condensed Statements of Operations and Comprehensive Loss (Unaudited)

(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating expenses:				
Research and development	$ 3,682	$ 4,499	$ 8,205	$ 7,901
General and administrative	2,049	1,185	4,179	2,062
Total operating expenses	5,731	5,684	12,384	9,963
Other income:				
Interest income	93	—	175	—
Total other income	93	—	175	—
Net loss	$ (5,638)	$ (5,684)	$ (12,209)	$ (9,963)
Less: Accretion and dividends on convertible preferred stock	—	(1,544)	—	(2,662)
Net loss attributable to common stockholders	$ (5,638)	$ (7,228)	$ (12,209)	$ (12,625)
Other comprehensive income:				
Unrealized gain on available for sale securities, net of tax	(3)	—	6	—
Total Other Comprehensive (Loss)	(5,641)	(7,228)	(12,203)	—
Net loss per share attributable to common stockholders—basic and diluted	$ (0.27)	$ (78.87)	$ (0.59)	$ (140.10)
Common shares used to compute basic and diluted net loss per share attributable to common stockholders	20,831,723	91,643	20,831,139	90,102

The accompanying notes are an integral part of these condensed financial statements.

Mirna Therapeutics, Inc.
Condensed Statements of Cash Flows (Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2016	**2015**
Operating activities		
Net loss	$ (12,209)	$ (9,963)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	45	25
Stock-based compensation	689	351
Net amortization of premium/ discounts on marketable securities	98	—
Changes in operating assets and liabilities:		
Grant reimbursement and other receivables	28	129
Prepaid expenses and other current assets	(146)	(69)
Deferred financing costs	—	—
Accounts payable	(2,584)	326
Accrued expenses	(21)	2
Net cash used in operating activities	(14,100)	(9,199)
Investing activities		
Purchases of marketable securities	(50,848)	—
Maturities of marketable securities	9,000	—
Restricted cash	(2,430)	—
Purchases of property and equipment	(548)	(58)
Net cash used in investing activities	(44,826)	(58)
Financing activities		
Proceeds from issuance of convertible preferred stock, net of issuance costs	—	41,482
Proceeds from the exercise of stock options	9	35
Cash provided by financing activities	9	41,517
Net increase (decrease) in cash and cash equivalents	(58,917)	32,260
Cash and cash equivalents at beginning of period	89,713	9,319
Cash and cash equivalents at end of period	$ 30,796	$ 41,579
Supplemental disclosures for non- cash investing activities:		
Property & equipment purchased in accounts payable	359	—

The accompanying notes are an integral part of these condensed financial statements.

Mirna Therapeutics, Inc.

Notes to Condensed Financial Statements (Unaudited)

1. Nature of Business and Basis of Presentation

Nature of business

Mirna Therapeutics, Inc. ("Mirna" or "the Company") is a clinical stage biopharmaceutical company developing a pipeline of microRNA-based oncology therapeutics. The Company was incorporated in Delaware in December 2007 as a wholly-owned subsidiary of Asuragen, Inc. ("Asuragen") and was spun out to existing Asuragen stockholders in December 2009. The Company is located in Austin, Texas.

In October 2015, the Company sold 6,250,000 shares of common stock, $0.001 par value per share, in an underwritten public offering (the "IPO") and 2,395,010 shares of common stock in a concurrent private placement, with both offerings at a price of $7.00 per share. The underwriters of the IPO purchased an additional 704,962 shares of common stock pursuant to their option to purchase additional shares. The Company's aggregate net proceeds from the IPO were $43.7 million, after deducting the transaction offering costs and the underwriting discounts incurred. The Company also received net proceeds of $16.7 million after deducting the offering transaction costs from the concurrent private placement.

The Company continues to be subject to a number of risks common to companies in similar stages of development. Principal among these risks are the uncertainties of the clinical drug development process (including the outcomes of clinical trials), the regulatory approval process, technological innovations, dependence on key individuals, development of the same or similar technological innovations by the Company's competitors and protection of proprietary technology and the risk that our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval. The Company's ability to fund its planned clinical operations, including completion of its planned trials, is expected to depend on the amount and timing of cash receipts from future collaboration and/or financing transactions. The Company believes that its cash, cash equivalents and marketable securities of $72.6 million at June 30, 2016 will enable the Company to maintain its current and planned operations for at least the next twelve months.

Basis of presentation

The accompanying interim condensed financial statements as of June 30, 2016 and for the three and six months ended June 30, 2016 and 2015, and the related interim information contained within the notes to the financial statements, are unaudited. The unaudited interim condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and on the same basis as the audited financial statements. In the opinion of management, the accompanying unaudited interim condensed financial statements contain all adjustments which include only normal recurring adjustments necessary to state fairly the Company's financial position as of June 30, 2016, and the results of its operations and cash flows for the interim periods ended June 30, 2016 and 2015. Such adjustments are of a normal and recurring nature. The interim financial data as of June 30, 2016 is not necessarily indicative of the results to be expected for the year ending December 31, 2016, or for any future period.

The accompanying condensed financial statements and related financial information should be read in conjunction with the audited financial statements and related notes thereto for the year ended December 31, 2015 included in the Company's Form 10-K, most recently filed with the Securities and Exchange Commission on March 30, 2016.

2. Summary of Significant Accounting Policies

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Research and development costs

Research and development costs are expensed as incurred. Research and development costs include salaries and personnel-related costs, consulting fees, fees paid for contract research services, the costs of laboratory equipment and facilities, development of intellectual property, license fees and other external costs. The Company accounts for government grants as a reduction of research and development expenses. Government grants are recorded at the time the related research and development costs have been incurred by the Company and, accordingly, become eligible for reimbursement. The Company accrues for government grants that have been earned but not yet received.

Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

Clinical Trial and Pre-Clinical Study Accruals

The Company estimates pre-clinical study and clinical trial expenses pursuant to contracts with research institutions and contract research organizations that conduct and manage preclinical studies and clinical trials on the Company's behalf. These estimates are based on the level of service performed and the underlying agreement. Further, the Company accrues expenses related to clinical trials based on the level of patient enrollment and other activities according to the related agreements. The Company monitors patient enrollment levels and other activities to the extent reasonably possible and adjusts estimates accordingly. If actual costs incurred or the timing of services vary from our estimate, we adjust the accrual accordingly.

Stock-based compensation

The Company accounts for its stock-based compensation awards in accordance with ASC Topic 718, *Compensation —Stock Compensation* ("ASC 718"). ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the statements of operations based on their grant date fair values. For stock options granted to employees and to members of the board of directors for their services on the board of directors, the Company estimates the grant date fair value of each option award using the Black-Scholes option-pricing model. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. For awards subject to service-based vesting conditions, the Company recognizes stock-based compensation expense, net of estimated forfeitures, equal to the grant date fair value of stock options on a straight-line basis over the requisite service period.

Fair value measurements

The Company records money market funds at fair value. ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

· Level 1 – Unadjusted prices in active markets for identical assets or liabilities.

- Level 2 – Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 – Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying amounts reflected in the balance sheets for cash, prepaid expenses and other current assets, accounts payable, and accrued expenses approximate their fair values at June 30, 2016 and December 31, 2015, due to their short-term nature.

The Company evaluates transfers between levels at the end of each reporting period. There were no transfers of assets or liabilities between Level 1, Level 2 or Level 3 during the three or six months ended June 30, 2016 or 2015.

Restricted Cash

Restricted cash consists of cash amounts held for specific or limited purposes and, therefore, not available for general operating activities. In June 2016, the Company secured a standby letter of credit of $2.4 million for the benefit of the landlord in the event of default. The restricted cash consists of cash providing security under the terms of the lease described in Note 11.

Marketable Securities

The Company classifies marketable securities with a remaining maturity when purchased of greater than three months as available-for-sale. Marketable securities with a remaining maturity date greater than one year are classified as non-current. Available-for-sale securities are maintained by an investment manager and may consist of U.S. Treasury securities and government agency securities and corporate debt securities. Available-for-sale securities are carried at fair value with the unrealized gains and losses included in other comprehensive loss as a component of stockholders' equity until realized. Any premium or discount arising at purchase is amortized and/or accreted to interest income and/or expense over the life of the instrument. Realized gains and losses are determined using the specific identification method and are included in other income.

If any adjustment to fair value reflects a decline in value of the investment, the Company considers all available evidence to evaluate the extent to which the decline is "other-than-temporary" and, if so, mark the investment to market through a charge to the Company's statement of operations and comprehensive loss.

Comprehensive loss

Comprehensive loss is composed of net loss and other comprehensive income or loss. Other comprehensive income consists of unrealized gains on marketable securities.

Recently Issued Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share Based Payment Accounting* ("ASU 2016-09") as part of the FASB simplification initiative. The new standard provides for changes to accounting for stock compensation including 1) excess tax benefits and tax deficiencies related to share based payment awards will be recognized as income tax expense in the reporting period in which they occur; 2) excess tax benefits will be classified as an operating activity in the statement of cash flow; 3) the option to elect to estimate forfeitures or account for them when they occur; and 4) increase tax withholding requirements threshold to qualify for equity classification. The ASU is effective for public companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2016, and early adoption is permitted.
The Company is currently evaluating the impact that ASU 2016-09 will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of key information about leasing arrangements. Accordingly, a lessee will recognize a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation. Both the asset and liability will initially be measured at the present value of the future minimum lease payments over the lease term. Subsequent measurement, including the presentation of expenses and cash flows, will depend on the classification of the lease as either a finance or an operating lease. Initial costs directly attributable to negotiating and arranging the lease will be included in the asset. For leases with a term of twelve months or less, a lessee can make an accounting policy election by class of underlying asset to not recognize an asset and corresponding liability. Lessees will also be required to provide additional qualitative and quantitative disclosures regarding the amount, timing and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements and provide additional information about the nature of an organization's leasing activities. The new standard is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. In transition, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The transition guidance also provides specific guidance for sale and leaseback transactions, build-to-suit leases and amounts previously recognized in accordance with the business combinations guidance for leases. We are currently evaluating our expected adoption method and the impact of this new standard on the financial statements.

3. Marketable Securities

The following table summarizes the available-for-sale securities held at June 30, 2016 (in thousands):

June 30, 2016	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government agency securities and treasuries	$ 19,050	$ 9	$ —	$ 19,059
Corporate debt securities	22,700	4	(7)	22,697
Total available-for-sale securities	$ 41,750	$ 13	$ (7)	$ 41,756

The Company did not have available for sale securities at December 31, 2015. No available- for- sale securities held as of June 30, 2016 had remaining maturities greater than one year.

4. Fair Value Measurements

The following table sets forth the Company's assets that are measured at fair value on a recurring basis as of June 30, 2016 and December 31, 2015 (in thousands):

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
June 30, 2016				
Assets:				
Cash and Cash Equivalents				
Money Market Funds	$ 22,784	$ 22,784	$ —	$ —
US government agency securities and treasuries	8,012	—	8,012	—
Total cash and cash equivalents	30,796	22,784	8,012	—
Marketable securities				
U.S. government agency securities and treasuries	19,059	—	19,059	—
Corporate debt securities	22,697	—	22,697	—
Total marketable securities	41,756	—	41,756	—
Restricted cash	2,430	2,430	—	—
Total assets	$ 74,982	$ 25,214	$ 49,768	$ —
December 31, 2015				
Assets:				
Money Market Funds	89,713	89,713	—	—
Total Assets	$ 89,713	$ 89,713	$ —	$ —

Cash and cash equivalents

The Company considers all highly liquid securities with original final maturities of three months or less from the date of purchase to be cash equivalents. As of June 30, 2016 and December 31, 2015, cash and cash equivalents are comprised of money market accounts and U.S. government agency securities.

Marketable securities

The amortized cost of available-for-sale securities is adjusted for amortization of premiums and accretion of discounts to maturity. At June 30, 2016 and December 31, 2015, the balance in the Company's accumulated other comprehensive income was composed solely of activity related to the Company's available-for-sale marketable securities. There were no realized gains or losses recognized on the sale or maturity of available-for-sale securities during the three and six months ended June 30, 2016, and, as a result, the Company did not reclassify any amounts of accumulated other comprehensive income for the same period.

As of June 30, 2016, the amortized cost and unrealized loss on available for sale securities in an unrealized loss position was approximately $11.6 million and $7,000, respectively. The Company has the intent and ability to hold such securities until recovery. The Company determined that there was no material changes in the credit risk of the above investments. The Company determined it did not hold any investments with an other- than- temporary impairment as of June 30, 2016 and December 31, 2015.

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Construction in Progress	$ 98	$ —
Machinery, computers and equipment	1,491	687
Leasehold improvements	18	18
Accumulated depreciation	(370)	(330)
	$ 1,237	$ 375

Depreciation expense was approximately $26,000 and $13,000 for the three months ended June 30, 2016 and 2015. Depreciation expense was approximately $45,000 and $25,000 for the six months ended June 30, 2016 and 2015.

6. Common Stock

The voting, dividend and liquidation rights of holders of shares of common stock are subject to and qualified by the rights, powers and preferences of the holders of shares of convertible preferred stock. The Company's common stock has the following characteristics:

- 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.

- The holders of shares of common stock are entitled to receive dividends, if and when declared by the Company's board of directors.

Cash dividends may not be declared or paid to holders of common stock until paid on each series of outstanding convertible preferred stock in accordance with their respective terms. Since inception, no cash dividends have been declared.

Offerings

In September 2015, the Company entered into a new grant contract with Cancer Prevention and Research Institute of Texas ("CPRIT"), in connection with an award of approximately $16.8 million. The 2015 award was in the form of an agreement by CPRIT to purchase $16.8 million of shares of common stock of the Company in a private placement concurrent with the initial public offering of the Company's common stock. On October 5, 2015, CPRIT purchased 2,395,010 shares of the Company's common stock at $7.00 per share. Net proceeds from the private placement, after related transaction offering costs, were approximately $16.6 million.

In October 2015, the Company issued 6.25 million shares of common stock in an underwritten public offering, with a price of $7.00 per share. The underwriters purchased an additional 704,962 shares of common stock pursuant to their option to purchase additional shares. The Company received aggregate net proceeds of approximately $43.7 million in the public offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Company.

7. Stock Option Plans

2008 Long Term Incentive Plan

During 2008, the Company adopted the 2008 Long Term Incentive Plan, which allows for incentive stock options for its employees and nonqualified stock options (inclusive of restricted stock units and stock appreciation rights)

(the "2008 Plan") for employees and nonemployees under which an aggregate of 330,582 stock options and stock purchase rights may be granted. In December 2013, the total amount available for grant under the 2008 Plan was increased by 224,200 to 554,782. In March 2014, the Company's board of directors approved an increase of 115,153 shares available for grant pursuant to the 2008 Plan to 669,935. In March 2015, the total amount of available to grant under the 2008 Plan was increased in conjunction with the Company's offering of Series D preferred stock by 391,650 shares to 1,061,585. Options under the 2008 Plan have a maximum life of 10 years from the date of grant. Options vest at various intervals, as determined by the Company's board of directors at the date of grant.

2015 Equity Incentive Plan

In August 2015, the Company's board of directors approved the 2015 Equity Incentive Award Plan, (the "2015 Plan"), which was effective in connection with the pricing of the IPO on September 30, 2015. The 2015 Plan provides for the granting of a variety of stock-based compensation awards, including stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalent awards, stock payment awards, performance awards and other stock-based awards. The 2015 Plan is the successor to the 2008 Plan and the 792,717 options outstanding in the 2008 Plan at June 30, 2016 may be transferred to the 2015 Plan if awards thereunder terminate, expire or lapse for any reason without the delivery of shares to the holder thereof. Under the 2015 Plan, 1,671,800 shares of the Company's common stock were initially authorized and reserved for issuance. In March 2016, the Company's board of directors approved an increase of 1,041,527 shares available for grant pursuant to the 2015 Plan. A combined total of 3,508,492 shares have been authorized and reserved for issuance under the 2008 Plan and 2015 Plan at June 30, 2016.

2015 Employee Stock Purchase Plan

In August 2015, the Company's board of directors approved the 2015 Employee Stock Purchase Plan (the "ESPP"), which was effective in connection with the pricing of the IPO on September 30, 2015. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP generally provides for set offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period. There were no sales under the ESPP as of June 30, 2016. Shares available for future purchase under the ESPP were 375,485 at June 30, 2016.

Stock Option Activity

The Company's stock option activity for the six months ended June 30, 2016 was as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Life (years)
Outstanding at December 31, 2015	1,529,459	6.29	9.00
Granted	665,250	4.40	
Exercised	(5,313)	1.65	
Forfeited/canceled	(293,854)	7.00	
Outstanding at June 30, 2016	1,895,542	$ 5.53	8.82
Options exercisable at June 30, 2016	474,542	$ 4.93	7.44

Stock Compensation Expense

Total stock- based compensation expense for the three and six months ended June 30, 2016 was recognized as follows in the statements of comprehensive loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Research and development expense[1]	$ (56)	$ 49	$ 115	$ 81
General and administrative expense	298	168	574	270
Total stock based compensation	$ 242	$ 217	$ 689	$ 351

(1) Amount for stock- based compensation expense in research and development for the three and six months ended June 30, 2016 includes the reversal of approximately $252,000 in previously recognized stock- based compensation expense for the forfeiture of unvested awards during the period.

As of June 30, 2016 there was approximately $5.0 million of unrecognized compensation cost related to the stock options granted under the 2015 Plan, which is expected to be amortized over a weighted average period of 3.0 years. There were no restricted stock units or stock appreciation rights granted under the 2015 Plan as of June 30, 2016.

8. Income Taxes

The Company had not recorded a provision for income taxes as of June 30, 2016 due to reported net losses since inception.

During the three and six months ended June, 2016 and 2015, the Company had no interest and penalties related to income taxes.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has established a valuation allowance due to uncertainties regarding the realization of deferred tax assets based upon the Company's lack of earnings history. The Company files income tax returns in the U.S. federal and Texas jurisdictions. The statute of limitations for assessment by the Internal Revenue Service ("IRS") is open for tax years ending December 31, 2014, 2013, 2012 and 2010, although carryforward attributes that were generated for tax years prior to 2011 may still be adjusted upon examination by the IRS if they either have been, or will be, used in a future period. The 2010 and subsequent tax years remain open and subject to examination by the State of Texas. There are currently no federal or state income tax audits in progress.

9. Agreements with Asuragen

On November 3, 2009, the Company entered into an agreement with Asuragen under which Asuragen shares space with and provides services to the Company in support of the Company's business. Such services have included human resources, finance and accounting, information technology, purchasing, shipping and receiving, equipment use, and various facility expenses. The Company pays Asuragen a monthly service fee for the services provided by Asuragen to the Company, which does not include direct charges incurred by Asuragen on behalf of the Company. Total expenses under the Shared Services Agreement with Asuragen totaled approximately $119,000 and $98,000 for the three months ended June 30, 2016 and 2015, respectively and $237,000 and $195,000 for the six months ended June 30, 2016 and 2015.

On October 31, 2014, the Company entered into a sublease agreement with Asuragen for use of office, laboratory and shared space. Total rent expense was $22,200 and $44,400 for the three and six months ended June 30, 2016. Both the lease and the shared service agreements expire on August 31, 2016. The Company has entered into a new lease for additional space, as discussed in Note 11.

10. License agreements

Rosetta Genomics Ltd.

In December 2015, the Company entered into a Patent License Agreement (the "License Agreement") with Rosetta Genomics Ltd. ("Rosetta"), licensing to the Company certain patents owned or controlled by Rosetta as specified in the License Agreement. Under the License Agreement, Rosetta granted the Company a non-assignable, non- transferable, worldwide license for certain patents in connection with the development and commercialization of products that relate to the tumor suppressor microRNA MIR-34 ("Products"). This license is exclusive with respect to Products that relate to MRX34, the Company's lead product candidate, and non-exclusive for products that are not related to MRX34.

Under the License Agreement, the Company paid Rosetta an up-front, non-refundable payment of $1.6 million, which was accrued as an expense within research and development at December 31, 2015 and subsequently paid in January 2016. The Company is obligated to pay low single- digit royalties on net sales of Products, as well as royalties on sublicense revenues. Certain development and regulatory milestone payments totaling $3 million may also be payable in connection with specified types of Products, upon the achievement of certain development and/ or regulatory milestone events.

Marina Biotech, Inc.

In December 2011, the Company entered into a licensing agreement with Marina Biotech, Inc. ("Marina"), pursuant to which Marina granted to the Company a license to liposomal delivery technology, NOV340, known under the brand name "SMARTICLES," to develop and commercialize drug products incorporating Marina's delivery system exclusively in combination with the Company's lead therapeutic product, MRX34. In December 2013, the license agreement was amended to include three additional specific microRNA mimics selected by the Company to use with SMARTICLES on an exclusive basis, and in May 2015, the license agreement was further amended to reduce the amount of a specific milestone payment and to provide for the prepayment of such milestone payment. In August 2015, the Company also entered into a side letter to the license agreement, under which it exercised its right to select an additional specific microRNA as a licensed product, in exchange for the payment of a specified selection fee payment.

The Company has cumulatively paid Marina approximately $2.1 million through June 30, 2016 in up-front and milestone payments and as consideration for the inclusion within the license of four additional microRNA compounds. As the Company progresses with respect to development and commercialization of its products, the Company will be required to make payments to Marina based upon the achievement of certain development and regulatory milestones, totaling up to $6 million in the aggregate for each licensed product. The Company has agreed to pay up to an additional $4 million per licensed product upon the achievement of certain regulatory milestones for a specified number of additional indications, leading to a maximum cap on all milestone payments of $10 million per product. The exception to this is for the Company's lead therapeutic product, MRX34, where the aggregate of all remaining development and regulatory milestone payments due to Marina, including for all additional indications, is $4.0 million.

In addition to milestone payments, the Company will be required to pay low single digit royalties on net sales of licensed products other than MRX34, subject to customary reductions and offsets. As a result of the Company's 2013 amendment to the agreement with Marina, the Company is no longer required to pay a royalty to Marina with respect to sales of the Company's lead therapeutic product, MRX34. If the Company sublicenses its rights under the license from Marina, for each optioned microRNA compound covered by such sublicense the Company is required to pay a specified lump-sum payment representing the remainder of the selection fee for the inclusion of such microRNA compound within the scope of the license agreement, as well as a portion of any revenue the Company receives from such sublicensees at a tiered percentage between the very low single digits and the mid-teens, depending on the circumstances in which the sublicense is entered into.

Yale University

In 2006, Asuragen entered into an exclusive license agreement with Yale University ("Yale") under certain patent rights relating to microRNAs. This agreement was assigned to the Company by Asuragen in connection with the Company's acquisition of certain assets, including patent rights, in 2009. In February 2014, the Company as successor-in-interest to Asuragen, amended and restated the exclusive license agreement. Some of the patent filings in the Company's intellectual property portfolio that are licensed to the Company by Asuragen are also included in the patents licensed under the agreement with Yale. The Company will be required to pay royalties to Yale on net sales of licensed products that contain specified microRNAs, at a percentage ranging from the very low to the low single digits, subject to customary reductions and offsets. The Company will also be required to pay to Yale a portion of specified gross revenue that the Company receives from the Company's sublicensees at a percentage in the mid-single digits.

The Company will be required to make payments for achievement of certain development and regulatory milestones by products containing one specified microRNA and covered by the licensed patents, of up to $600,000 in the aggregate for each such product, subject to reduction in certain circumstances. In addition, the Company is required to pay an annual license maintenance fee and minimum annual royalties under certain circumstances.

11. Commitments and Contingencies

Operating Lease

In June 2016, the Company entered into a lease for its corporate headquarters and research facility in Austin, Texas (the "Headquarters") under an operating lease agreement (the "Lease"). The lease will commence on the earlier of (i) the date on which the Company first conducts any business in the new Headquarters, (ii) substantial completion of the improvements made to the new Headquarters as defined in the Lease, or (iii) January 1, 2017 (collectively, the "Commencement Date"). The initial term of the lease is for a 123 month period, with the option to extend the lease for up to two consecutive 60 month terms. The Company anticipates taking occupancy of the facilities in the latter half of 2016.

The lease provides annual base rent of approximately $600,000 in the first year after a three- month rent free period following the Commencement Date, with subsequent annual increases of approximately 3% in the annual base rent. In connection with the lease, the landlord has provided a tenant improvement allowance of approximately $1.9 million to be used by the Company to build-out certain improvements to the Headquarters. The Lease also provides for an additional improvement allowance of up to $1.3 million. The additional allowance, if exercised, will amortize over 120 months on a straight line basis. There have been no draws on the additional improvement allowance as of June 30, 2016.

Mirna has obtained a standby letter of credit for the initial amount of approximately $2.4 million, which may be drawn down by the landlord in the event of default. If Mirna meets certain requirements, the amount due under the Letter of Credit may be reduced to approximately $800,000.

Under the Lease agreement, future minimum payments payable are approximately as follows:

Period ending December 31,	**Operating Lease**
2016 (six months)	-
2017	$ 450,930
2018	614,856
2019	633,364
2020 and thereafter	5,306,111
Total	$ 7,005,261

Shared Services Agreement

Pursuant to a shared services agreement and sublease with Asuragen (see Note 9), the Company has remaining commitments for payments through August 2016 under the shared services agreement and sublease of $79,000 and $14,800, respectively.

12. Net Loss Per Share Attributable to Common Stockholders

The following table summarizes the computation of basic and diluted net loss per share attributable to common stockholders of the Company (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net loss	$ (5,638)	$ (5,684)	$ (12,209)	$ (9,963)
Accretion of convertible preferred stock to redemption value	—	—	—	(448)
Accrued dividends on convertible preferred stock	—	(1,544)	—	(2,214)
Net loss attributable to common stockholders—basic and diluted	(5,638)	(7,228)	(12,209)	(12,625)
Weighted-average number of common shares—basic and diluted	20,831,723	91,643	20,831,139	90,102
Net loss per share attributable to common stockholders—basic and diluted	$ (0.27)	$ (78.87)	$ (0.59)	$ (140.10)

The following potentially dilutive securities outstanding, prior to the use of the treasury stock method or if-converted method, have been excluded from the computation of diluted weighted-average common shares outstanding, because including them would have had an anti-dilutive effect due to the losses reported.

	June 30,	
	2016	2015
Convertible preferred stock	—	10,159,614
Stock options	1,905,142	818,660
	1,905,142	10,978,274

As the Company incurred a net loss for the three and six months ended June 30, 2016 there is no income allocation required under the two-class method or dilution attributed to weighted-average shares outstanding in the computation of diluted loss per share attributable to common stockholders.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2015, filed with the U.S. Securities and Exchange Commission (SEC) on March 30, 2016.

Special note regarding forward-looking statements

This report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” included under Part II, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a clinical-stage biopharmaceutical company developing a pipeline of microRNA-based oncology therapeutics. microRNAs are naturally occurring, short ribonucleic acid, or RNA, molecules, or oligonucleotides, that play a critical role in regulating key biological pathways. Misexpression of even a single microRNA can contribute to disease development and tumor suppressor microRNAs are commonly reduced in cancer. Our scientists and others at leading academic institutions have identified numerous tumor suppressor microRNAs that play key roles in preventing normal cells from becoming cancerous and facilitating proper cancer immunosurveillance. We are developing mimics of naturally occurring microRNAs that are designed to increase this tumor suppressor activity and aid appropriate anti-tumor immune response.

Our lead product candidate, MRX34, a mimic of naturally occurring microRNA-34 (miR-34) encapsulated in a liposomal nanoparticle formulation, is the first microRNA mimic to enter clinical development in oncology and is currently being studied as a single agent in our ongoing Phase 1 clinical trial. The Phase 1 trial is now in its expansion phase, wherein we intend to recruit patients in multiple cohorts based on cancer type, including: hepatocellular carcinoma cancer (HCC), renal cell carcinoma (RCC), melanoma, ovarian cancer, triple-negative breast cancer, sarcoma, small cell lung cancer and bladder cancer.

Interim data from the Phase 1 trial were presented at the American Society of Clinical Oncology (ASCO) Annual Meeting in June 2016. In an oral presentation, investigators reported on the final dose-escalation results from the first-in-human Phase 1 trial of MRX34, highlighting the safety profile, pharmacodynamic evidence of activity, and multiple clinical responses in cancer patients with a variety of advanced solid tumors. Data highlights included four confirmed partial responses for up to 50+ weeks in duration in patients with late-stage, metastatic hepatocellular carcinoma cancer or HCC (liver cancer), renal cell carcinoma or RCC (kidney cancer) and acral melanoma (a rare and difficult-to-treat form of skin cancer). Two of these responses occurred while the patients were on drug holiday. Stable disease was also observed in an additional 15 patients for more than four cycles (approximately three months) of therapy, including a small cell lung cancer (SCLC) patient who showed stable disease for more than one year on MRX34 as fourth line therapy.

Since the beginning of the Phase 1 clinical trial in April 2013 and up until the data cut-off date for the ASCO presentation in April 2016, three patients had experienced possible immune-mediated serious adverse events (SAEs) after receiving MRX34. These previously reported events included enterocolitis, systemic inflammatory response syndrome, and pneumonitis/colitis. The first two patients recovered; the patient experiencing pneumonitis/colitis subsequently died. Subsequently, a recently enrolled acral melanoma patient experienced an SAE of increased ALT and AST liver function tests, determined likely to be due to acute hepatitis, with subsequent liver failure leading to death on August 3, 2016. The event was deemed possibly related to MRX34 and reported to the FDA and Korean regulatory authority.

The timing and pattern of response to treatment with MRX34 and the associated safety profile suggest a potential immune component to MRX34 activity.

We had planned to initiate Phase 2 trials in RCC and melanoma by the end of 2016; however, we now plan to let the results from the Phase 1 expansion cohorts guide the next steps in development of MRX34, including the initiation of Phase 2 trials. In addition, we plan to initiate a translational medicine trial in the late 2016, aimed to deepen our insights into the mechanism of action of MRX34 in melanoma patients and to define biomarkers that would aid in furthering the development of MRX34.

We believe that microRNA mimics may represent a new paradigm in cancer therapy and have the potential to create a new, important class of effective cancer drugs that can potentially be used alone or in combination with other cancer therapeutics. For the next wave of cancer therapies to produce a measurable improvement over current approaches, we believe it will need to yield drugs that can disrupt multiple oncogenic and immuno-oncology pathways. We believe the microRNA field represents a highly promising area for the development of these drugs.

We were incorporated in 2007 under the laws of Delaware and were maintained as a wholly-owned subsidiary of our former parent company, Asuragen, Inc., or Asuragen, until the end of 2009, when we became an independent entity.

Our operations have focused on developing our understanding of and capabilities in microRNA biology, identifying potential product candidates, undertaking preclinical studies, initiating and conducting a clinical trial, protecting and enhancing our intellectual property estate and providing general and administrative support for these activities. We have not generated any revenue from product sales and, to date, have funded our operations primarily through the private placements of our capital stock, federal and state government grants and offerings of our equity securities. From our inception through June 30, 2016, we have raised an aggregate of approximately $167.3 million to fund our operations, of which approximately $89.9 million was from the issuance of preferred stock for cash and assets, $48.7 million from a public offering of our common stock, $16.8 million from a private placement of our common stock and $11.9 million was from federal and state grants.

Since our inception, we have incurred significant operating losses. Our net loss was $5.6 million and $12.2 for the three and six months ended June 30, 2016. At June 30, 2016, we had an accumulated deficit of $88.7 million. We expect to continue to incur significant expenses and operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and from year to year. We anticipate that our expenses may increase significantly as we conduct clinical trials for MRX34 and other product candidates; manufacture clinical trial materials; continue to discover, validate and develop additional novel product candidates; expand and protect our intellectual property portfolio; and hire additional development and scientific personnel.

Financial Operations Overview

Revenue

We have not generated any revenue from product sales or from collaborations. In the future, we may generate revenue from collaborations and licenses. Revenue may fluctuate from period to period, and the timing and extent of any future revenue will depend on our ability to advance our product candidates through the clinical trial process and to obtain regulatory approval and our ability, or our future partners' ability, to commercialize our product candidates.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our drug discovery efforts, and the development of our product candidates, which include the following:

- employee-related expenses, including salaries, benefits, travel and stock-based compensation;
- external research and development expenses incurred under arrangements with third parties, such as contract research organizations, or CROs, consultants and our scientific advisory board;

- lab supplies, and acquiring, developing and manufacturing preclinical study materials in accordance with Good Laboratory Practices;
- costs of clinical trials, including costs for management, investigator fees and related vendors that provide services for the clinical trials;
- costs to manufacture the drug used in the clinical trials in accordance with Good Manufacturing Practices;
- license and milestone fees;
- development and prosecution of intellectual property; and
- costs of facilities, depreciation and other expenses.

Research and development costs are expensed as incurred. In certain circumstances, we will make nonrefundable advance payments to purchase goods and services for future use pursuant to contractual arrangements. In those instances, we defer and recognize an expense in the period that we receive or consume the goods or services.

Our research and development expenses have been offset by proceeds derived from federal and state grants. These government grants, which have supplemented our research efforts on specific projects, generally provide for reimbursement of approved costs, as defined in the terms of the grant awards. The proceeds from these reimbursement grants are treated as a reduction to the associated expenses as the allowable expenses are incurred.

At any point in time, we typically have various early stage research and drug discovery projects ongoing. Our internal resources, employees and infrastructure are not directly tied to any one research or drug discovery project and are typically deployed across multiple projects. As such, we do not maintain information regarding the costs incurred for these early stage research and drug discovery programs on a project-specific basis. However, we have spent and are currently spending the vast majority of our research and development resources on our lead product candidate, MRX34.

Most of our product development programs are at an early stage, and successful development of future product candidates from these programs is highly uncertain and may not result in approved products. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time consuming, and we expect our research and development expenses to increase for the foreseeable future as we advance our research programs toward the clinic and initiate and continue clinical trials. The probability of success for each product candidate may be affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability. We anticipate we will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each future product candidate, as well as ongoing assessments as to each future product candidate's commercial potential. Completion dates and completion costs can vary significantly for each future product candidate and are difficult to predict. We will need to raise additional capital and may seek strategic alliances in the future in order to advance the various products in the pipeline and other products that may be developed.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation, related to our executive, finance and support functions. Other general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, travel expenses and professional fees for auditing, tax and legal services. We expect that general and administrative expenses will increase in the future as we expand our operating activities and incur additional costs associated with being a publicly-traded company. These increases will likely include legal fees, accounting fees, directors' and officers' liability insurance premiums and fees associated with investor relations.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to stock based compensation and clinical trial and pre-clinical study accruals. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In making estimates and judgments, management employs critical accounting policies. During the six months ended June 30, 2016, there were no material changes to our critical accounting policies as reported in our Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on March 30, 2016.

Results of Operations

Comparison of three months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Dollar Change	% Change
	2016	2015		
	(in thousands)			
Statement of operations data:				
Operating expenses:				
Research and development, before grant reimbursement	$ 3,691	$ 4,608	$ (917)	(19.9)%
Less grant reimbursement	(9)	(109)	100	(91.7)%
Research and development	3,682	4,499	(817)	(18.2)%
General and administrative	2,049	1,185	864	72.9 %
Interest (income)	(93)	—	(93)	100.0 %
Net loss	$ 5,638	$ 5,684	$ (46)	(0.8)%

Research and Development Expenses

Research and development expenses were $3.7 million for the three months ended June 30, 2016 which was a decrease of $800,000, or 18%, compared to research and development expenses of approximately $4.5 million for the three months ended June 30, 2015. The decrease in the three months ended June 30, 2016 was primarily due to the following:

- A decrease of approximately $1.6 million in Phase 1 clinical trials and related costs associated with our lead product candidate MRX34, primarily due to the combination of adding additional sites and upfront drug costs in 2015 and the Company focusing on more specific indications in 2016.

- An offsetting increase of approximately $900,000 in employee compensation, benefits and stock compensation expense due to increased headcount.

Research and development spending was partially offset by approximately $9,000 of grant reimbursements for the three months ended June 30, 2016, compared to reimbursement of approximately $109,000 for the same period in 2015. The decrease is primarily due to two grants expiring in August 2015.

General and Administrative Expenses

General and administrative expenses were approximately $2.0 million for the three months ended June 30, 2016, which was an increase of approximately $900,000 or 73%, compared to general and administrative expenses of $1.2 million for the three months ended June 30, 2015. The increase in the three months ended June 30, 2016 was primarily due to the following:

- Approximately $700,000 for additional costs associated with operating as a publicly traded company, including higher legal, audit, insurance, professional and administrative costs.

- Approximately $180,000 for increased employee compensation, benefits and stock compensation expense primarily due to increased headcount.

Comparison of six months ended June 30, 2016 and 2015:

	Six Months Ended June 30,		Dollar Change	% Change
	2016	2015		
	(in thousands)			
Statement of operations data:				
Operating expenses:				
Research and development, before grant reimbursement	$ 8,254	$ 8,089	$ 165	2.0 %
Less grant reimbursement	(49)	(188)	139	(73.9)%
Research and development	8,205	7,901	304	3.8 %
General and administrative	4,179	2,062	2,117	102.7 %
Interest (income)	(175)	—	(175)	100.0 %
Net loss	$ 12,209	$ 9,963	$ 2,246	22.5 %

Research and Development Expenses

Research and development expenses were $8.2 million for the six months ended June 30, 2016 which was an increase of $300,000 million, or 3%, compared to research and development expenses of approximately $7.9 million for the six months ended June 30, 2015. The increase in the six months ended June 30, 2016 was primarily due to the following:

- Approximately $1.6 million of increased employee compensation, benefits and stock compensation expense due to increased headcount and changes in compensation.

- Offset by a decrease of approximately $1.5 million in clinical trial costs related to our Phase 1 clinical trial for MRX34, due to a combination of higher site set-up costs and upfront drug costs, as well as slower patient in accrual 2016 as the trial focuses on specific indications.

Research and development spending was partially offset by approximately $49,000 of grant reimbursements for the six months ended June 30, 2016, compared to reimbursement of approximately $188,000 for the same period in 2015. The decrease is primarily due to two grants expiring in August 2015.

General and Administrative Expenses

General and administrative expenses were approximately $4.2 million for the six months ended June 30, 2016, which was an increase of approximately $2.1 million or 103%, compared to general and administrative expenses of $2.1 for the six months ended June 30, 2015. The increase in the six months ended June 30, 2016 was primarily due to the following:

- Approximately $1.5 million for additional costs associated with operating as a publicly traded company, including higher legal, audit, insurance, professional and administrative costs.

- Approximately $700,000 of increased employee compensation, benefits and stock compensation expense due to increased headcount and changes in compensation.

Liquidity and Capital Resources

Liquidity and Capital Expenditures

Since inception, our operations have been financed primarily through proceeds of $167.3 million to fund our operations, of which approximately $89.9 million was from the issuance of preferred stock for cash and assets, $48.7 million was from a public offering of our common stock, $16.8 million was from a private placement of our common stock and $11.9 million was from federal and state grants. At June 30, 2016, we had $30.8 million of cash and cash equivalents and $41.8 invested in marketable securities. Our primary uses of cash are to fund research and development expenditures and operating expenses. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

We believe that our existing cash, cash equivalents and marketable securities as of June 30, 2016, will be sufficient to meet our anticipated cash requirements for at least the next 12 months. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the demonstration of further clinical proof-of-concept with our product candidates, including MRX34, in one or more cancer types or other indications;

- the rate of progress and cost of our clinical trials, preclinical and nonclinical studies and other discovery and research and development activities;

- the successful outcome of one or more pivotal clinical trials demonstrating safety and efficacy of our product candidates, including MRX34;

- the timing of, and costs involved in, seeking and obtaining FDA and other regulatory approvals;

- the costs of preparing, filing, prosecuting, maintaining and enforcing any patent claims and other intellectual property rights, including litigation costs and the results of such litigation;

- our ability to practice our technology without infringing the intellectual property rights of third parties;

- our ability to enter into additional collaboration, licensing, government or other arrangements and the terms and timing of such arrangements;

- the potential need to acquire, by acquisition or in-licensing, other products, technologies or businesses; and

- the emergence of competing technologies or other adverse market developments.

The following table shows a summary of our cash flows for the six months ended June 30, 2016 and 2015.

	Six Months Ended June 30,	
	2016	2015
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (14,100)	$ (9,199)
Investing activities	(44,826)	(58)
Financing activities	9	41,517
Net increase (decrease)	$ (58,917)	$ 32,260

Operating Activities

Net cash used in operating activities was $14.1 million and $9.2 million for the six months ended June 30, 2016 and 2015, respectively. The increase in overall spending for operating activities of approximately $4.9 million was due to increased headcount and personnel expenses and a reduction in payables and accrued liabilities, primarily related to payments for clinical trial related expenditures.

Investing Activities

Net cash used in investing activities for the periods presented relates primarily to the purchase of marketable securities during the six months ended June 30, 2016. We invested $50.8 million in US government agency and treasury securities and corporate debt securities with maturities greater than 90 days using surplus proceeds received in connection with our IPO and concurrent private placement in October 2015, partially offset by maturities during the period of $9.0 million. In addition, the Company obtained a standby letter of credit of $2.4 million in connection with the Lease reflected in fiscal year 2016 investing activities as restricted cash.

Financing Activities

Net cash provided by financing activities was approximately $41.5 million for the six months ended June 30, 2015, which was attributable to the initial closing of our offering of Series D convertible preferred stock. There were no financing activities during the six months ended June 30, 2016.

Contractual Obligations and Commitments

The following table presents payments due under the Company's contractual obligations as of June 30, 2016:

		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Operating Lease	$ 7,005,261	$ 150,310	$ 1,232,158	$ 1,994,934	$ 3,627,859
Other [1]	234,157	234,157	—	—	—
	$ 7,239,419	$ 384,467	$ 1,232,158	$ 1,994,934	$ 3,627,859

(1) Reflects remaining commitments under the Shared Services and Sublease Agreements with Asuragen of approximately $94,000 and two leases for temporary space of approximately $140,000.

Off-balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

Segment Information

We have one primary business activity and operate as one reportable segment.

JOBS Act

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. At June 30, 2016, we had cash and cash equivalents and marketable securities of $30.8 million and $41.8 million, respectively, consisting of interest-bearing money market funds, U.S. treasury securities, U.S. government agency securities, and corporate debt securities. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and marketable securities, as well as the low risk profile of our investments, we do not believe a change in interest rates would have a material effect on the fair market value of our cash and cash equivalents and marketable securities.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive and financial officers, evaluated the effectiveness of our disclosures controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2016. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2016, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting during the period covered by this Quarterly Report on Form 10-Q identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings. We may at times be involved in litigation and other legal claims in the ordinary course of business. When appropriate in management's estimation, we may record reserves in our financial statements for pending litigation and other claims.

Item 1A. Risk Factors

Our business involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this periodic report, including our financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations." If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our common stock could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risk Factors

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

We have incurred significant losses since inception. We anticipate that we will continue to incur significant losses for the foreseeable future, and if we are unable to achieve and sustain profitability, the market value of our common stock will likely decline.

We are a clinical-stage biopharmaceutical company with a limited operating history. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. We have not generated any product revenues and we do not expect to generate any product revenues for the foreseeable future. We have incurred losses in each year since our founding in 2007 and we expect to continue to incur significant operating losses for the foreseeable future. The amount of future losses is uncertain. All of our product candidates are in development, and none has been approved for sale. We have devoted substantially all of our efforts to research and development, including our preclinical and nonclinical development activities, and expect that it will be many years, if ever, before we have a product candidate ready for commercialization. To date, we have derived all of our funding from our collaboration with our former parent company, Asuragen, Inc., or Asuragen, private placements of our capital stock and government grants for research and development. Our net loss for the six months ended June 30, 2016 was $12.2 million. Since inception, we have incurred net losses leading to an accumulated deficit of approximately $88.7 million as of June 30, 2016.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future as we seek to expand our clinical development plan for MRX34 as a monotherapy, pursue development of MRX34 as a combination therapy, conduct research and development of other product candidates and pursue marketing approval for MRX34 in the future. If we obtain marketing approval of MRX34, we also expect to incur significant sales, marketing, distribution and manufacturing expenses. Even after obtaining such marketing approval, our products may never gain sufficient market acceptance and adequate market share. If we fail to succeed in any of these activities or our product candidates fail to demonstrate safety and efficacy in clinical trials, do not gain regulatory approval or do not achieve significant market acceptance following regulatory approval and commercialization, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' equity and working capital. If we are unable to achieve and sustain profitability, the market value of our common stock will likely decline. Because of the numerous risks and uncertainties associated with developing biopharmaceutical products, we are unable to predict the extent of any future losses or whether we will become profitable.

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

We are a clinical-stage biopharmaceutical company that was founded in 2007 and did not exist as a standalone company until 2009. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, acquiring and developing our technology, identifying and evaluating potential product candidates and delivery technologies, undertaking nonclinical studies, filing an Investigational New Drug, or IND, application with the U.S. Food and Drug Administration, or FDA, and conducting the Phase 1 clinical trial of our most advanced product candidate, MRX34. Except for MRX34, all of our product candidates are still in preclinical development. We have not yet demonstrated our ability to initiate clinical trials for product candidates other than MRX34, or successfully complete any clinical trials, including large-scale, pivotal clinical trials, obtain marketing approvals, manufacture a commercial scale medicine, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. Typically, it takes many years to develop one new product candidate from the time it is discovered to when it is available for treating patients. Consequently, any predictions about our future success or viability, or any evaluation of our business or prospects, may not be as accurate as they could be if we had a longer operating history. In addition, as a new business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown challenges. We will need to transition from a company with a research focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We will need substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce or terminate our product development, other operations or commercialization efforts.

Developing biopharmaceutical products, including conducting preclinical and nonclinical studies and clinical trials, is an expensive and highly uncertain process that takes years to complete. Our expenses may increase substantially as we seek to expand our clinical development plan for MRX34 as a monotherapy, pursue development of MRX34 as a combination therapy, conduct research and development of other product candidates and pursue marketing approval for MRX34 in the future. Additional clinical trials, including one or more late-stage pivotal trials, will be required to obtain potential marketing approval for MRX34, and the costs of any future trials may be more expensive and time consuming than our current trial. If we obtain marketing approval of MRX34, we also expect to incur significant sales, marketing, distribution and outsourced manufacturing expenses.

As of June 30, 2016, we had working capital of $69.8 million, comprised of cash and cash equivalents and marketable securities of $30.8 million and $41.8 million, respectively. Based on our current operating plan, we believe that our available cash, cash equivalents and marketable securities at such date are sufficient to fund our anticipated levels of operation for at least the next 12 months. Our future capital requirements for the period for which we expect our existing resources to support our operations may vary significantly from what we expect. For example, our expenses could increase beyond expectations if we are required by the FDA or comparable foreign regulatory agencies to perform studies or trials in addition to those that we currently anticipate. Our funds at June 30, 2016 will not be sufficient to obtain marketing approval for MRX34. As a result, we will be required to obtain additional financing in the future, which we may obtain through public or private equity offerings, debt financings, credit facilities, government grants and contracts and/or strategic collaborations. If we are required to secure additional capital, such additional fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize future product candidates. Additional financing may not be available to us when we need it or it may not be available to us on favorable terms, if at all. If we are unable to obtain adequate financing or form favorable collaborations, when needed, we may have to delay, reduce the scope of or eliminate one or more of our clinical trials, research and development programs or our commercialization efforts, including with respect to MRX34.

Additionally, our future financing requirements will depend on many factors, some of which are beyond our control, including:

- the demonstration of further clinical proof-of-concept with our product candidates, including MRX34, in one or more cancer types or other indications;

- the rate of progress and cost of our clinical trials, preclinical and nonclinical studies and other discovery and research and development activities;
- the successful outcome of one or more pivotal clinical trials demonstrating safety and efficacy of our product candidates, including MRX34;
- the timing of, and costs involved in, seeking and obtaining FDA and other regulatory approvals;
- the costs of preparing, filing, prosecuting, maintaining and enforcing any patent claims and other intellectual property rights, including litigation costs and the results of such litigation;
- our ability to practice our technology without infringing the intellectual property rights of third parties;
- our ability to enter into additional collaboration, licensing, government or other arrangements and the terms and timing of such arrangements;
- the potential need to acquire, by acquisition or in-licensing, other products, technologies or businesses; and
- the emergence of competing technologies or other adverse market developments.

Future capital requirements will also depend on the extent to which we acquire or invest in additional complementary businesses, products and technologies. We currently have no understandings, commitments or agreements relating to any of these types of transactions.

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

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through public or private equity offerings, debt financings, credit facilities, government grants and contracts and/or strategic collaborations.

To raise capital, we may from time to time issue additional shares of common stock at a discount from the then-current trading price of our common stock. As a result, our common stockholders would experience immediate dilution upon the purchase of any shares of our common stock sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preferred stock or common stock. Whether or not we issue additional shares of common stock at a discount, any issuance of common stock will, and any issuance of other equity securities, securities convertible into equity securities or options, warrants or other rights to purchase equity securities, result in additional dilution of the percentage ownership of our existing stockholders and could cause our stock price to decline. New investors could also gain rights, preferences and privileges senior to those of holders of our common stock, which could cause the price of our common stock to decline. Debt securities may also contain covenants that restrict our operational flexibility, impose liens or other restrictions on our assets, restrict our ability to incur additional debt, impose limitations on our ability to acquire, sell or license intellectual property or impose other operating restrictions that could adversely affect our business and could also cause the price of our common stock to decline.

Other than our collaboration with our former parent company, Asuragen, private placements of our capital stock, and public offerings of common stock, the only significant external source of funds to date has been state and federal government grants for research and development. The grants have been, and any future government grants and contracts we may receive may be, subject to the risks and contingencies set forth below under the risk factor entitled “Reliance on government funding for our programs may add uncertainty to our research and commercialization efforts with respect to those programs that are tied to such funding and may impose requirements that limit our ability to take certain actions, increase the costs of commercialization and production of product candidates developed under those programs and subject us to potential financial penalties, which could materially and adversely affect our business, financial condition and results of operations.” Although we might apply for government and private contracts and grants

in the future, we cannot guarantee that we will be successful in obtaining additional grants or contracts for MRX34 or any other product candidates or programs.

Risks Related to Product Development and Commercialization

The approach we are taking to discover and develop novel therapeutics using microRNA is unproven and may never lead to marketable products.

The scientific discoveries that form the basis for our efforts to discover and develop new drugs are relatively recent. To date, neither we nor any other company has received regulatory approval to market therapeutics utilizing microRNA. The scientific evidence to support the feasibility of developing drugs based on these discoveries is both preliminary and limited. Successful development of microRNA-based products by us will require solving a number of issues, including providing suitable methods of stabilizing the microRNA material and delivering it into target cells in the human body. In addition, any compounds that we develop may not demonstrate in patients the chemical and pharmacological properties ascribed to them in laboratory and nonclinical studies, and they may interact with human biological systems in unforeseen, ineffective or even harmful ways. If we do not successfully develop and commercialize product candidates based upon our technological approach, we may not become profitable and the value of our common stock may decline.

Further, the FDA has relatively limited experience with microRNA-based therapeutics. No regulatory authority has granted approval to any person or entity, including us, to market or commercialize microRNA therapeutics, which may increase the complexity, uncertainty and length of the regulatory approval process for our product candidates. If our microRNA technologies prove to be ineffective, unsafe or commercially unviable, our entire pipeline would have little, if any, value, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, our exclusive focus on microRNA technology for developing products as opposed to multiple, more proven technologies for drug development increases the risk associated with our business. If we are not successful in developing a product candidate using microRNA technology, we may not be able to identify and successfully implement an alternative product development strategy.

We are heavily dependent on the success of our lead product candidate, MRX34, which is in Phase 1 clinical development.

We currently have no products approved for sale and have invested a significant portion of our efforts and financial resources in the development of MRX34. The clinical development of MRX34 began in April 2013 with our multi-center Phase 1 clinical trial of patients with advanced stage solid cancers. We have also included in the Phase 1 clinical trial a separate cohort of patients with hematological malignancies, which may include patients with non-Hodgkin’s lymphoma, acute myelogenous leukemia, acute and chronic lymphocytic leukemia, chronic myelogenous leukemia in accelerated or blast phase, multiple myeloma and myelodysplastic syndrome. The primary objectives of the Phase 1 clinical trial, including the hematological malignancy cohort, are to establish the maximum tolerated dose and an appropriate dose for Phase 2 clinical trials. The secondary objectives of the Phase 1 clinical trial are to assess the safety, tolerability and pharmacokinetic profile of MRX34 after intravenous dosing as well as to assess any biological and clinical activity.

Our prospects are substantially dependent on our ability to develop and commercialize MRX34. Our ability to timely develop and effectively commercialize MRX34 will depend on several factors, including the following:

- successful completion of our Phase 1 clinical trial or other clinical trials, which will depend substantially upon the satisfactory performance of third-party contractors;

- successful demonstration of further clinical proof-of-concept with MRX34 in one or more cancer types;

- successful outcome of one or more pivotal clinical trials required for regulatory approval demonstrating safety and efficacy of MRX34;
- receipt of marketing approvals for MRX34 from the FDA and similar regulatory authorities outside the United States;
- establishing commercial manufacturing capabilities, for example, by making arrangements with third-party manufacturers;
- successfully launching commercial sales of the product, whether alone or in collaboration with others;
- acceptance of the product by patients, the medical community and third-party payors;
- establishing market share while competing with other therapies;
- a continued acceptable safety and adverse event profile of the product following regulatory approval;
- qualifying for, identifying, registering, maintaining, enforcing and defending intellectual property rights and claims covering the product; and
- manufacturing, marketing, selling and using MRX34 and practicing our technology without infringing the proprietary rights of third parties, or successfully defending against claims alleging such infringement.

If we do not achieve one or more of these factors in a timely manner, or at all, we could experience significant delays or an inability to commercialize MRX34, which would materially and adversely affect our business, financial condition and results of operations.

We have not previously submitted a new drug application, or NDA, to the FDA, or similar drug approval filings to comparable foreign authorities, for any product candidate, and we cannot be certain that any of our product candidates will be successful in clinical trials or receive regulatory approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our product candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market one or more of our product candidates, our revenues will be dependent upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the markets for patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, if approved. Successful development of MRX34 or other product candidates for additional indications will be subject to these same risks.

If we are not successful in discovering, developing and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

Although we continue to focus a substantial amount of our efforts on the MRX34 Phase 1 clinical trial, a key element of our strategy is to discover, develop and potentially commercialize a portfolio of product candidates to treat cancer and other indications. We are seeking to do so through our internal research programs and are exploring, and intend to explore in the future, strategic partnerships for the development of new products. Other than MRX34, all of our other potential product candidates remain in the discovery and preclinical study stages. Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including the following:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete;

- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a product candidate may, on further study, be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If we are unsuccessful in identifying and developing additional product candidates, our potential for growth may be impaired.

We may use our financial and human resources to pursue a particular research program or product candidate and fail to capitalize on programs or product candidates that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and human resources, we may forego or delay pursuit of opportunities with certain programs or product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or more profitable market opportunities. Our spending on current and future research and development programs and future product candidates for specific indications may not yield any commercially viable products. We may also enter into strategic alliance agreements to develop and commercialize certain of our programs and potential product candidates in indications with potentially large commercial markets. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through strategic alliance, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

The regulatory approval process is lengthy, expensive and uncertain, and we may be unable to obtain regulatory approval for our drug products under applicable regulatory requirements. The denial or delay of any such approval would prevent or delay commercialization of our drug products and adversely impact our ability to generate revenue, our business and our results of operations.

The development, research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of drug products are subject to extensive and evolving regulation by federal, state and local governmental authorities in the United States, principally the FDA, and by foreign regulatory authorities, which regulations differ from country to country. Neither we nor any future collaborator is permitted to market MRX34 or any other product candidate in the United States until we receive regulatory approval of an NDA from the FDA.

Obtaining regulatory approval of an NDA can be a lengthy, expensive and uncertain process. Prior to obtaining approval to commercialize a drug candidate in the United States or abroad, we or our collaborators must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the FDA or other foreign regulatory agencies, that such drug candidates are safe and effective for their intended uses. The number of nonclinical studies and clinical trials that will be required for FDA approval varies depending on the drug candidate, the disease or condition that the drug candidate is designed to address, and the regulations applicable to any particular drug candidate. Results from nonclinical studies and clinical trials can be interpreted in different ways. Even if we believe the nonclinical or clinical data for our drug candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. Administering drug candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the FDA or other regulatory authorities denying approval of a drug candidate for any or all indications. The FDA may also require us to conduct additional studies or trials for our product candidates either prior to or post-approval, such as additional drug-drug interaction studies or safety or efficacy

studies or trials, or it may object to elements of our clinical development program such as the number of subjects in our current clinical trials from the United States.

Our business currently depends substantially on the successful development, regulatory approval and commercialization of MRX34. We currently have no drug products approved for sale, and we may never obtain regulatory approval to commercialize MRX34.

The FDA or any foreign regulatory bodies can delay, limit or deny approval of MRX34 or require us to conduct additional nonclinical or clinical testing or abandon a program for many reasons, including:

- the FDA or the applicable foreign regulatory agency's disagreement with the design or implementation of our clinical trials;
- negative or ambiguous results from our clinical trials or results that may not meet the level of statistical significance required by the FDA or comparable foreign regulatory agencies for approval;
- serious and unexpected drug-related side effects experienced by participants in our clinical trials or by individuals using drugs similar to our product candidates;
- our inability to demonstrate to the satisfaction of the FDA or the applicable foreign regulatory body that MRX34 is safe and effective for the proposed indication;
- the FDA's or the applicable foreign regulatory agency's disagreement with the interpretation of data from nonclinical studies or clinical trials;
- our inability to demonstrate the clinical and other benefits of MRX34 outweigh any safety or other perceived risks;
- the FDA's or the applicable foreign regulatory agency's requirement for additional nonclinical studies or clinical trials;
- the FDA's or the applicable foreign regulatory agency's disagreement regarding the formulation, labeling and/or the specifications of MRX34;
- the FDA's or the applicable foreign regulatory agency's failure to approve the manufacturing processes or facilities of third-party manufacturers with which we contract; or
- the potential for approval policies or regulations of the FDA or the applicable foreign regulatory agencies to significantly change in a manner rendering our clinical data insufficient for approval.

Of the large number of drugs in development, only a small percentage successfully complete the FDA or other regulatory approval processes and are commercialized. The lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market MRX34, which would significantly harm our business, financial condition, results of operations and prospects.

Even if we eventually complete clinical testing and receive approval of an NDA or foreign marketing application for MRX34, the FDA or the applicable foreign regulatory agency may grant approval contingent on the performance of costly additional clinical trials, including Phase 4 clinical trials, and/or the implementation of a Risk Evaluation and Mitigation Strategy, or REMS, which may be required to ensure safe use of the drug after approval. The FDA or the applicable foreign regulatory agency also may approve MRX34 for a more limited indication or a narrower patient population than we originally requested, and the FDA or applicable foreign regulatory agency may not approve the labeling that we believe is necessary or desirable for the successful commercialization of MRX34. Any delay in obtaining, or inability to obtain, applicable regulatory approval would delay or prevent commercialization of MRX34 and would materially adversely impact our business and prospects.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Furthermore, we rely on contract research organizations, or CROs, and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we have agreements with our CROs governing their committed activities, and the ability to audit their performance, we have limited influence over their actual performance. Failure or delay can occur at any time during the clinical trial process. Success in nonclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and the results of clinical trials by other parties may not be indicative of the results in trials we may conduct. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in clinical trials, even after promising results in earlier nonclinical or clinical studies. These setbacks have been caused by, among other things, nonclinical findings made while clinical studies were underway and safety or efficacy observations made in clinical studies, including previously unreported adverse events. The results of preclinical, nonclinical and early clinical studies of our product candidates may not be predictive of the results of later-stage clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical and initial clinical trials. Notwithstanding any potential promising results in earlier studies, we cannot be certain that we will not face similar setbacks. Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates.

We may experience delays in our trials and we cannot be certain that the trial or any other future clinical trials for MRX34 or other product candidates will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at all. In general clinical trials can be delayed or aborted for a variety of reasons, including delay or failure related to:

- the FDA or comparable foreign regulatory authorities disagreeing as to the design or implementation of our clinical studies;
- obtaining regulatory approval to commence a trial;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtaining institutional review board, or IRB, or equivalent approval at each site;
- recruiting suitable patients to participate in a trial;
- having patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- addressing patient safety concerns that arise during the course of a trial;
- addressing any conflicts with new or existing laws or regulations;
- adding a sufficient number of clinical trial sites;
- the occurrence of a treatment-related serious adverse event (SAE); or
- manufacturing sufficient quantities of product candidate for use in clinical trials.

Patient enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential

advantages of the drug being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating.

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

Further, conducting clinical trials in foreign countries, as we currently do for MRX34, presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks relevant to such foreign countries.

If we experience delays in the completion, or termination, of any clinical trial of our product candidates, the commercial prospects of our product candidates may be harmed, and our ability to generate product revenues from any of these product candidates will be delayed or not realized at all. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

If we are required to suspend or discontinue clinical trials due to side effects or other safety risks, or if we are required to conduct studies on the long-term effects associated with the use of MRX34 or other product candidates, our ability to continue developing or commercialize our product candidates could be adversely affected.

Our clinical trials, including our Phase 1 clinical trial for MRX34, the planned initiation of a Phase 1 translational medicine study and planned Phase 2 studies, or other trials our strategic partners or CROs may conduct, may be suspended or terminated at any time for a number of safety-related reasons. For example, we may voluntarily suspend or terminate our clinical trials if at any time we believe that our product candidates present an unacceptable safety risk to the clinical trial patients. In addition, IRBs or regulatory agencies may order the temporary discontinuation or termination of our clinical trials at any time if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements, including if they present an unacceptable safety risk to patients. Administering any product candidate to humans may produce undesirable side effects. The existence of undesirable side effects resulting from our product candidates could cause us or regulatory authorities, such as the FDA, to interrupt, delay or halt clinical trials of our product candidates and could result in the FDA or other regulatory agencies denying further development or approval of our product candidates for any or all indications.

We have not conducted complete studies on the long-term effects associated with the use of MRX34 or any other product candidate. Studies of these long-term effects may be required for regulatory approval and such requirement would delay our introduction of MRX34 or other product candidates into the market. These studies could also be required at any time after regulatory approval of a product candidate. Absence of long-term data may also limit the approved uses of a product, if any, to short-term use. MRX34 or any other product candidate may prove to be unsafe for human use, which would materially harm our business.

Certain oligonucleotide therapeutics and liposomal drug delivery products have shown injection site reactions, infusion reactions and pro-inflammatory effects and may also lead to impairment of organ function, including kidney or liver function. There is a risk that our current and future product candidates may induce similar adverse events, or require pre- or co-administration of other drugs to minimize such effects, which pre- or co-administration might adversely affect the benefits of our product candidates or add additional side effects to the treatment regimens. Results of our clinical

trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all indications. Drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may significantly harm our business, financial condition, results of operations and prospects significantly.

Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

As with many pharmaceutical products and product candidates under development, MRX34 or our other potential product candidates may produce undesirable side effects or adverse reactions or events. For example, since the beginning of our Phase 1 clinical trial in April 2013 and up until the data cut-off date for the ASCO presentation in April 2016, three patients had experienced possible immune-mediated SAEs after receiving MRX34. These events included enterocolitis, systemic inflammatory response syndrome, and pneumonitis/colitis. The first two patients recovered; the patient experiencing pneumonitis/colitis subsequently died. Subsequently, a recently enrolled acral melanoma patient experienced an SAE of increased ALT and AST liver function tests, determined likely to be due to acute hepatitis, with subsequent liver failure leading to death on August 3, 2016. The event was deemed possibly related to MRX34 and reported to the FDA and Korean regulatory authority. The timing and pattern of response to treatment with MRX34 and the associated safety profile suggest a potential immune component to MRX34 activity.

In addition, through the data cut-off date for the ASCO presentation in April 2016, most of the 122 patients treated with MRX34 in our Phase 1 trial experienced at least one adverse event, with fever, chills, back pain, abdominal pain, nausea, diarrhea, vomiting, dehydration, anorexia, dyspnea, fatigue, headache, cough, insomnia, dysgeusia, tachycardia, anemia, neutropenia, lymphopenia, leukopenia, thrombocytopenia, elevation of liver enzymes, hyperglycemia, and hyponatremia being the most commonly reported adverse events.

Also as of April 2016, the data cut-off date for ASCO 2016, among the 47 patients in the BIW dosing cohorts the SAEs determined to be related to MRX34 treatment occurring in more than one patient were fever, fatigue, dehydration and elevation of liver enzymes, each of which occurred in two patients. For the 75 patients in the QD × 5 dosing cohort, SAEs reported included, capillary leak syndrome, delirium or altered mental status, and bleeding in silent or asymptomatic HCC brain metastasis, each of which occurred in two patients, and elevation of liver enzymes, fever, and thrombocytopenia, which occurred in four patients. These adverse events associated with MRX34 are generally manageable or preventable with standard interventions or tests used by oncologists, such as administering other medications that prevent or reduce side effects, temporary slowing of infusions, delaying or stopping dosing, or using magnetic resonance imaging, or MRI, to detect silent brain metastases. Of the 42 patients with primary liver cancer treated with escalating doses of MRX34, one patient in 70 mg/ m^2 dose cohort in BIW schedule achieved confirmed partial response. Of the two acral melanoma patients enrolled in the study, one patient enrolled in the 110 mg/ m^2 dose cohort on the QD × 5 schedule achieved a confirmed partial response. Of the two metastatic renal cell carcinoma patients enrolled in the study, one patient enrolled in the 110 mg/ m^2 dose cohort on the QD × 5 schedule achieved a confirmed partial response. See “Business—MRX34: Our Lead Clinical Product Candidate” of Part I, Item 1 of our Annual Report for the year ended December 31, 2015 for a more detailed description of the adverse events experienced during the course of the MRX34 clinical development program.

In the event we or others identify undesirable side effects caused by one of our product candidates, any of the following adverse events could occur:

- we may be required, or we may decide, to halt or delay further clinical development of our product candidates;
- the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all indications; or

- product-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims.

If MRX34 or our other potential product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product;
- we may be required to recall a product or change the way such product is administered to patients;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we may be required to implement a REMS or create a Medication Guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

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

Our clinical drug development program may not uncover all possible adverse events that patients who take MRX34 or other product candidates may experience. The number of subjects exposed to MRX34 or other product candidates and the average exposure time in the clinical development program may be inadequate to detect rare adverse events, or chance findings, that may only be detected once the product is administered to more patients and for greater periods of time.

Clinical trials by their nature utilize a sample of the potential patient population. However, with a limited number of subjects and limited duration of exposure, we cannot be fully assured that rare and severe side effects of MRX34 or other product candidates will be uncovered. Such rare and severe side effects may only be uncovered with a significantly larger number of patients exposed to the drug. If such safety problems occur or are identified after MRX34 or another product candidate reaches the market, the FDA may require that we amend the labeling of the product or recall the product, or may even withdraw approval for the product.

We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs. If the use or misuse of our product candidates harms patients, or is perceived to harm patients even when such harm is unrelated to our product candidates, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims. If we are unable to obtain adequate insurance or are required to pay for liabilities resulting from a claim excluded from, or beyond the limits of, our insurance coverage, a material liability claim could adversely affect our financial condition.

The use or misuse of our product candidates in clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our products. There is a risk that our product candidates may induce adverse events. If we cannot successfully defend

against product liability claims, we could incur substantial liability and costs. Certain oligonucleotide therapeutics and liposomal drug delivery products have shown injection site reactions, infusion reactions, and pro-inflammatory effects, and may also lead to organ dysfunction, including impairment of kidney or liver function. There is a risk that our future product candidates may induce similar adverse events. Patients with the diseases targeted by our product candidates are often already in severe and advanced stages of disease and have both known and unknown significant pre-existing and potentially life-threatening health risks. During the course of treatment, patients may suffer adverse events, including death, for reasons that may be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market our products, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our products, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process in other countries, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

Although we have product liability insurance that we feel is appropriate for our stage of development, which covers our clinical trials in the United States, for up to $1 million per occurrence, up to an aggregate limit of $5 million, our insurance may be insufficient to reimburse us for any expenses or losses we may suffer, and we will be required to increase our product liability insurance coverage for our advanced clinical trials that we plan to initiate. We have obtained an additional product liability insurance policy for our clinical trials in the Republic of Korea. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products. We do not know whether we will be able to continue to obtain product liability coverage and obtain expanded coverage if we require it, in sufficient amounts to protect us against losses due to liability, on acceptable terms, or at all. We may not have sufficient resources to pay for any liabilities resulting from a claim excluded from, or beyond the limits of, our insurance coverage. Where we have provided indemnities in favor of third parties under our agreements with them, there is also a risk that these third parties could incur liability and bring a claim under such indemnities. An individual may bring a product liability claim against us alleging that one of our product candidates or products causes, or is claimed to have caused, an injury or is found to be unsuitable for consumer use. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. Any product liability claim brought against us, with or without merit, could result in:

- withdrawal of clinical trial volunteers, investigators, patients or trial sites or limitations on approved indications;
- the inability to commercialize, or if commercialized, decreased demand for, our product candidates;
- if commercialized, product recalls, withdrawals or labeling, marketing or promotional restrictions or the need for product modification;
- initiation of investigations by regulators;
- loss of revenues;
- substantial costs of litigation, including monetary awards to patients or other claimants;
- liabilities that substantially exceed our product liability insurance, which we would then be required to pay ourselves;
- an increase in our product liability insurance rates or the inability to maintain insurance coverage in the future on acceptable terms, if at all;
- the diversion of management’s attention from our business; and

· damage to our reputation and the reputation of our products and our technology.

Product liability claims may subject us to the foregoing and other risks, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Currently, our product candidates are expensive to produce and are expensive relative to presently-marketed therapeutics targeting similar indications.

To date, our proposed product candidates have only been manufactured at a scale that is adequate to supply our research activities and early-stage clinical trials. As with many companies conducting Phase 1 and Phase 2 clinical trials or preclinical studies on product candidates, the current cost of each treatment is expensive relative to presently-marketed therapeutics targeting similar indications. We cannot guarantee that we will be able to scale the manufacturing of our products during future clinical trials or commercialization in order to achieve a treatment price that would allow for commercial acceptance. In the event our product candidates cannot be manufactured in sufficient commercial quantities at a competitive price, our future prospects could be significantly impacted and our financial prospects would be materially harmed.

Even if a product candidate does obtain regulatory approval, that product candidate may never achieve market acceptance or commercial success.

Even if we obtain FDA or other regulatory approvals, and are able to launch MRX34 or any other product candidate commercially, the product candidate may not achieve market acceptance among physicians, patients, patient advocacy groups and third-party payors and, ultimately, may not be commercially successful. Market acceptance of any product candidate for which we receive approval depends on a number of factors, including:

· the efficacy and safety of the product candidate as demonstrated in clinical trials;

· the clinical indications for which the product candidate is approved;

· acceptance by physicians, patients, operators of treatment facilities and parties responsible for reimbursement of the product candidate as a safe and effective treatment;

· the potential and perceived advantages of the product candidate, including the cost of treatment and benefits over alternative treatments;

· the safety of the product candidate seen in a broader patient group, including use outside the approved indications;

· the cost of treatment in relation to alternative treatments;

· the availability of adequate reimbursement and pricing by third-party payors and government authorities;

· relative convenience and ease of administration;

· the tolerance of the products by patients, including prevalence and severity of adverse side effects;

· the availability of the product and the ability to meet market demand; and

· the effectiveness of our sales and marketing efforts.

Any failure by MRX34 or any other product candidate that obtains regulatory approval to achieve market acceptance or commercial success would adversely affect our financial results.

Risks Related to Our Reliance on Third Parties

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

Although we conduct certain nonclinical studies, we currently do not have the ability to independently conduct nonclinical studies that comply with the regulatory requirements known as good laboratory practice, or GLP, requirements. We also do not currently have the ability to independently conduct any clinical trials. The FDA and regulatory authorities in other jurisdictions require us to comply with regulations and standards, commonly referred to as current good clinical practice, or GCP, requirements for conducting, monitoring, recording and reporting the results of clinical trials, in order to ensure that the data and results are scientifically credible and accurate and that the trial subjects are adequately informed of the potential risks of participating in clinical trials. We rely on medical institutions, clinical investigators, contract laboratories and other third parties, such as CROs, to conduct GLP-compliant nonclinical studies and GCP-compliant clinical trials on our product candidates properly and on time. While we will have agreements governing their activities, we control only certain aspects of their activities and have limited influence over their actual performance. The third parties with whom we contract for execution of our GLP nonclinical studies and our GCP clinical trials play a significant role in the conduct of these studies and trials and the subsequent collection and analysis of data. These third parties are not our employees and, except for restrictions imposed by our contracts with such third parties, we have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely on these third parties to conduct our GLP-compliant preclinical and nonclinical studies and GCP-compliant clinical trials, we remain responsible for ensuring that each of our GLP preclinical and nonclinical studies and GCP clinical trials is conducted in accordance with its investigational plan and protocol and applicable laws and regulations, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

Many of the third parties with whom we contract may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities that could harm our competitive position. If the third parties conducting our GLP preclinical or nonclinical studies or our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical trial protocols or to GCPs, or for any other reason, we may need to enter into new arrangements with alternative third parties. This could be difficult, costly or impossible, and our nonclinical studies or clinical trials may need to be extended, delayed, terminated or repeated. As a result we may not be able to obtain regulatory approval in a timely fashion, or at all, for the applicable product candidate, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase, and our ability to generate revenues could be delayed.

We rely on a limited number of third-party contract manufacturing organizations to manufacture and supply MRX34 and other product candidates for us. If our supplier or manufacturer fails to perform adequately or fulfill our needs, or if these agreements are terminated by the third parties, we may be required to incur significant costs and devote significant efforts to find new suppliers or manufacturers. We may also face delays in the development and commercialization of our product candidates.

We do not currently independently conduct manufacturing activities for our product candidates, including MRX34. We rely upon single source third-party contract manufacturing organizations to manufacture and supply our product candidates. We currently have a relationship with two suppliers for clinical supply of the drug substance for our miR-34 mimic. Polymun Scientific Immunbiologische Forschung GmbH, located in Austria, is the exclusive manufacturer of our MRX34 drug product. Further, we rely on our contract manufacturers to manage the supply chain for the raw materials used in the manufacture of the drug substance and drug product.

Any manufacturers of the drug substance and drug product for our product candidates must comply with current good manufacturing practice, or cGMP, requirements enforced by the FDA through its facilities inspection program. These requirements include, among other things, quality control, quality assurance and the maintenance of records and documentation. Manufacturers of our component materials may be unable to comply with these cGMP requirements and

with other FDA, state and foreign regulatory requirements. We do not directly control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with cGMPs. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or foreign regulatory agencies, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no direct control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. The FDA or similar foreign regulatory agencies at any time may also implement new standards, or change their interpretation and enforcement of existing standards for manufacture, packaging or testing of products. We have little control over a manufacturer's compliance with these regulations and standards. However, a failure to comply with these requirements may result in fines and civil penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval. If the safety of any product supplied is compromised due to our manufacturer's failure to adhere to applicable laws or for other reasons, we may not be able to obtain regulatory approval for or successfully commercialize our products, and we may be held liable for any injuries sustained as a result. In addition, if the FDA or a comparable foreign regulatory agency does not approve our contract manufacturer's facilities for the manufacture of our product candidates or if it withdraws its approval in the future, we may need to find alternative manufacturing facilities, which would negatively impact our ability to develop, obtain regulatory approval for, or market our product candidates, if approved. Any of these factors could cause a delay of clinical trials, regulatory submissions, approvals or commercialization of our product candidates or entail higher costs or impair our reputation.

The manufacture of pharmaceutical products in compliance with cGMP regulations requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of pharmaceutical products often encounter difficulties in production, including difficulties with production costs and yields, quality control, including stability of the product candidate and quality assurance testing, or shortages of qualified personnel. If our manufacturers were to encounter any of these difficulties or otherwise fail to comply with their obligations to us or under applicable regulations, our ability to provide study materials in our nonclinical studies and clinical trials would be jeopardized. Any delay or interruption in the supply of nonclinical study or clinical trial materials could delay the completion of our nonclinical studies and clinical trials, increase the costs associated with maintaining our nonclinical study and clinical trial programs and, depending upon the period of delay, require us to conduct nonclinical studies, commence new trials at significant additional expense or terminate the studies and trials completely.

We currently believe that our third party suppliers have the necessary expertise to produce our MRX34 drug substance and drug product in sufficient quantity and of acceptable quality to support our development program through at least Phase 3 clinical trials and possibly through commercialization of MRX34. However, our current agreements with our suppliers do not provide for the entire supply of the drug necessary for additional clinical trials or for full-scale commercialization. In the event that we and our suppliers cannot agree to the terms and conditions for them to provide some or all of our clinical and commercial drug supply needs, or if our suppliers terminate their agreements with us in response to a breach by us or any other reason permitted under our agreements, we would not be able to manufacture the drug on a commercial scale until a qualified alternative supplier is identified, which could also delay the development of, and impair our ability to commercialize, our product candidates. Any supplier would be required to obtain regulatory approval of their manufacturing facilities, processes and quality systems before engaging in the commercial manufacture of a pharmaceutical product. Due to the complexity of the processes used to manufacture pharmaceutical products and product candidates, any potential third-party manufacturer may be unable to continue to pass or initially pass federal, state or international regulatory inspections in a cost-effective manner.

Although we believe that appropriate alternative sources of supply exist for each of our current product candidates, the number of third-party suppliers with the necessary manufacturing and regulatory expertise and facilities is limited, and it could be expensive and take a significant amount of time to arrange for alternative suppliers, which could have a material adverse effect on our business. New suppliers of any drug would be required to qualify under applicable regulatory requirements and would need to have sufficient rights under applicable intellectual property laws to the method of manufacturing such ingredients. Obtaining the necessary FDA approvals or other qualifications under applicable regulatory requirements and ensuring non-infringement of third-party intellectual property rights could result in a significant interruption of supply and could require the new manufacturer to bear significant additional costs which may be passed on to us.

The failure of third-party manufacturers or suppliers to perform adequately or the termination of our arrangements with any of them may negatively and adversely affect our business.

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

- the inability to meet any product specifications and quality requirements consistently;
- a delay or inability to procure or expand sufficient manufacturing capacity;
- capacity related to the scale-up of manufacturing;
- manufacturing and product quality issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- a failure to comply with cGMP and similar foreign standards;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier;
- carrier disruptions or increased costs that are beyond our control;
- the failure of third parties involved in the transportation, storage and distribution of our products, including the failure to deliver products under specified storage conditions and in a timely manner; and
- the possibility that our contract manufacturer, or third parties with access to their facilities, will have access to and may appropriate our trade secrets or other proprietary information.

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

We may not be able to develop or identify a technology that can effectively deliver our miR-34 mimic or any other of our microRNA-based product candidates to the intended diseased cells or tissues, and any failure in such delivery technology could adversely affect and delay the development of MRX34 and our other product candidates.

In connection with our Phase 1 clinical trial of MRX34, we have used a SMARTICLES liposomal formulation to facilitate delivery to tumors. SMARTICLES has demonstrated successful tumor delivery of our miR-34 mimic in multiple mouse models of liver cancer, but we cannot be certain that the SMARTICLES technology will be capable of delivering adequate levels of our miR-34 mimic to tumors in patients to produce a therapeutic response. While we are continuing to evaluate the use of SMARTICLES in different indications, and additional delivery technologies that might enable us to target specific cancer cells with our product candidates, we cannot be certain whether we will be successful in developing such alternative delivery mechanisms. Our failure to effectively deliver any of our product candidates to the intended diseased cells or tissues could adversely affect and delay the development of our product candidates.

We currently have no sales and marketing staff or distribution organization. If we are unable to develop a sales and marketing and distribution capability on our own or through third parties, we will not be successful in commercializing our future products.

We currently have no sales, marketing or distribution capabilities or experience. To achieve commercial success for any approved product candidate, we must either develop a sales, marketing and distribution organization or outsource these functions to third parties. If we rely on third parties for marketing and distributing our approved products, any

revenue we receive will depend upon the efforts of third parties, which may not be successful and are only partially within our control and our product revenue may be lower than if we directly marketed or sold our products. If we are unable to enter into arrangements with third parties to sell, market and distribute product candidates for which we have received regulatory approval on acceptable terms or at all, we will need to market these products ourselves. This is likely to be expensive and logistically difficult, as it would require us to build our own sales, marketing and distribution capacity. We have no experience in this area, and if such efforts were necessary, we may not be able to successfully commercialize our future products. If we are not successful in commercializing our future products, either on our own or through third parties, any future product revenue will be materially and adversely affected.

We may attempt to form collaborations in the future with respect to our product candidates, but we may not be able to do so, which may cause us to alter our development and commercialization plans.

We may attempt to form strategic alliances, create joint ventures or collaborations or enter into licensing arrangements with third parties with respect to our programs that we believe will complement or augment our existing business. For example, we may attempt to find a strategic partner for the development and/or commercialization of MRX34. We may face significant competition in seeking appropriate strategic partners, and the negotiation process to secure appropriate terms is time-consuming and complex. We may not be successful in our efforts to establish such a strategic partnership for any product candidates and programs on terms that are acceptable to us, or at all. This may be because our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort, our research and development pipeline may be viewed as insufficient, the competitive or intellectual property landscape may be viewed as too intense or risky, and/or third parties may not view our product candidates and programs as having sufficient potential for commercialization, including the likelihood of an adequate safety and efficacy profile.

Any delays in identifying suitable collaborators and entering into agreements to develop and/or commercialize our product candidates could delay the development or commercialization of our product candidates, which may reduce their competitiveness even if they reach the market. Absent a collaboration partner, we would need to undertake development and/or commercialization activities at our own expense. If we elect to fund and undertake development and/or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we are unable to do so, we may not be able to develop our product candidates or bring them to market and our business may be materially and adversely affected.

We may be unable to realize the potential benefits of any collaboration.

Even if we are successful in entering into a collaboration with respect to the development and/or commercialization of one or more product candidates, there is no guarantee that the collaboration will be successful. Collaborations may pose a number of risks, including:

- collaborators often have significant discretion in determining the efforts and resources that they will apply to the collaboration, and may not commit sufficient resources to the development, marketing or commercialization of the product or products that are subject to the collaboration;
- collaborators may not perform their obligations as expected;
- any such collaboration may significantly limit our share of potential future profits from the associated program, and may require us to relinquish potentially valuable rights to our current product candidates, potential products or proprietary technologies or grant licenses on terms that are not favorable to us;
- collaborators may cease to devote resources to the development or commercialization of our product candidates if the collaborators view our product candidates as competitive with their own products or product candidates;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the course of development, might cause delays or termination of the development or commercialization of

product candidates, and might result in legal proceedings, which would be time-consuming, distracting and expensive;

- collaborators may be impacted by changes in their strategic focus or available funding, or business combinations involving them, which could cause them to divert resources away from the collaboration;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- the collaborations may not result in us achieving revenues to justify such transactions; and
- collaborations may be terminated and, if terminated, may result in a need for us to raise additional capital to pursue further development or commercialization of the applicable product candidate.

As a result, a collaboration may not result in the successful development or commercialization of our product candidates.

Reliance on government funding for our programs may add uncertainty to our research and commercialization efforts with respect to those programs that are tied to such funding and may impose requirements that limit our ability to take certain actions, increase the costs of commercialization and production of product candidates developed under those programs and subject us to potential financial penalties, which could materially and adversely affect our business, financial condition and results of operations.

During the course of our development of our product candidates, we have been funded in significant part through federal and state grants, including but not limited to the substantial funding we have received from the Texas Emerging Technology Fund and the Cancer Prevention and Research Institute of Texas, or CPRIT. In addition to the funding we have received to date, we have applied for federal and state grants to receive additional funding in the future. Contracts and grants funded by the U.S. government, state governments and their related agencies, including our contracts with the State of Texas pertaining to funds we have already received, include provisions that reflect the government's substantial rights and remedies, many of which are not typically found in commercial contracts, including powers of the government to:

- require repayment of all or a portion of the grant proceeds, in certain cases with interest, in the event we violate certain covenants pertaining to various matters that include any potential relocation outside of the State of Texas, failure to achieve certain milestones or to comply with terms relating to use of grant proceeds, or failure to comply with certain laws;
- terminate agreements, in whole or in part, for any reason or no reason;
- reduce or modify the government's obligations under such agreements without the consent of the other party;
- claim rights, including intellectual property rights, in products and data developed under such agreements;
- audit contract-related costs and fees, including allocated indirect costs;
- suspend the contractor or grantee from receiving new contracts pending resolution of alleged violations of procurement laws or regulations;
- impose U.S. manufacturing requirements for products that embody inventions conceived or first reduced to practice under such agreements;
- impose qualifications for the engagement of manufacturers, suppliers and other contractors as well as other criteria for reimbursements;

· suspend or debar the contractor or grantee from doing future business with the government;

· control and potentially prohibit the export of products;

· pursue criminal or civil remedies under the False Claims Act, False Statements Act and similar remedy provisions specific to government agreements; and

· limit the government's financial liability to amounts appropriated by the U.S. Congress on a fiscal-year basis, thereby leaving some uncertainty about the future availability of funding for a program even after it has been funded for an initial period.

In addition to those powers set forth above, the government funding we may receive could also impose requirements to make payments based upon sales of our products in the future. For example, under the terms of our 2010 award from CPRIT, we are required to pay CPRIT a portion of our revenues from sales of certain products by us, or received from our licensees or sublicensees, at a percentage in the low single digits until the aggregate amount of such payments equals a specified multiple of the grant amount, and thereafter at a rate of less than one percent, subject to our right, under certain circumstances, to make a one-time payment in a specified amount to CPRIT to buy out such payment obligations. See also "Business — Strategic Partnerships and Licenses" of Part I, Item 1 of our Annual Report for the year ended December 31, 2015 for a description of this CPRIT agreement, which includes a description of our obligations to make royalty payments.

We may not have the right to prohibit the U.S. government from using certain technologies developed by us, and we may not be able to prohibit third-party companies, including our competitors, from using those technologies in providing products and services to the U.S. government. The U.S. government generally takes the position that it has the right to royalty-free use of technologies that are developed under U.S. government contracts. These and other provisions of government grants may also apply to intellectual property we license now or in the future.

In addition, government contracts and grants normally contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example:

· specialized accounting systems unique to government contracts and grants;

· mandatory financial audits and potential liability for price adjustments or recoupment of government funds after such funds have been spent;

· public disclosures of certain contract and grant information, which may enable competitors to gain insights into our research program; and

· mandatory socioeconomic compliance requirements, including labor standards, non-discrimination and affirmative action programs and environmental compliance requirements.

If we fail to maintain compliance with any such requirements that may apply to us now or in the future, we may be subject to potential liability and to termination of our contracts.

Our business involves the use of hazardous materials and we and our third-party manufacturers must comply with environmental laws and regulations, which may be expensive and restrict how we do business.

Our third-party manufacturers' activities and our own activities involve the controlled storage, use and disposal of hazardous materials, including the components of our pharmaceutical product candidates, test samples and reagents, biological materials and other hazardous compounds. We and our manufacturers are subject to federal, state, local and foreign laws and regulations governing the use, generation, manufacture, storage, handling and disposal of these hazardous materials. We currently carry no insurance specifically covering environmental claims relating to the use of

hazardous materials. Although we believe that our safety procedures for handling and disposing of these materials and waste products comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental injury or contamination from the use, storage, handling or disposal of hazardous materials. In the event of an accident, state or federal or other applicable authorities may curtail our use of these materials and/or interrupt our business operations. In addition, if an accident or environmental discharge occurs, or if we discover contamination caused by prior operations, including by prior owners and operators of properties we acquire, we could be liable for cleanup obligations, damages and fines. If such unexpected costs are substantial, this could significantly harm our financial condition and results of operations.

Risks Related to Administrative, Organizational and Commercial Operations and Growth

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

As of June 30, 2016, we had 35 employees. We will need to expand our managerial, operational, financial and other resources in order to manage our operations and clinical trials, continue our development activities and commercialize MRX34 or other product candidates. Our management and personnel, systems and facilities currently in place are likely not adequate to support this future growth. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure and give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. Our need to effectively execute our business strategy requires that we:

- manage our Phase 1 clinical trial, which is being conducted at multiple trial sites, as well as manage any other clinical trials in the future;
- manage our internal discovery and development efforts effectively while carrying out our contractual obligations to licensors, contractors, government agencies, any future collaborators and other third parties;
- continue to improve our operational, financial and management controls, reporting systems and procedures; and
- identify, recruit, maintain, motivate and integrate additional employees.

If we are unable to expand our managerial, operational, financial and other resources to the extent required to manage our development and commercialization activities, our business will be materially adversely affected.

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

The development and commercialization of new drug products is highly competitive. We face competition from major pharmaceutical companies, specialty pharmaceutical companies, biotechnology companies, universities and other research institutions worldwide with respect to MRX34 and other product candidates that we may seek to develop or commercialize in the future. Our competitors may succeed in developing, acquiring or licensing technologies and drug products that are more effective or less costly than MRX34 or any other product candidates that we are currently developing or that we may develop, which could render our product candidates obsolete and noncompetitive.

There are a number of pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of solid tumors. The most common treatments for solid tumors are various chemotherapeutic agents, radiation therapy and certain targeted therapies, including monoclonal antibodies such as Avastin®, Erbitux®, Herceptin® and Vectibix®. Small molecules, such as Nexavar, Sutent® and Tarceva®, are also indicated for the treatment of solid tumors.

In addition to the competition we face from alternative therapies for the diseases we intend to target with our product candidates, we are also aware of several companies that are also working specifically to develop microRNA therapeutics, including miRagen Therapeutics, Inc., and Regulus Therapeutics, Inc. Many of our competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Insurers and other third-party payors may also encourage the use of generic products. For example, if MRX34 is approved, it may be priced at a significant premium over other competitive products. This may make it difficult for MRX34 or any other future products to compete with these products. The recent market introduction of so-called, checkpoint inhibitor molecules, such as Opdivo®, Keytruda®, and Yervoy®, has increased the number of treatment options for solid tumors.

If our competitors obtain marketing approval from the FDA or comparable foreign regulatory authorities for their product candidates more rapidly than us, it could result in our competitors establishing a strong market position before we are able to enter the market.

Many of our competitors have materially greater name recognition and financial, manufacturing, marketing, research and drug development resources than we do. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. Large pharmaceutical companies in particular have extensive expertise in preclinical, nonclinical and clinical testing and in obtaining regulatory approvals for drugs. In addition, academic institutions, government agencies, and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products or technologies. These organizations may also establish exclusive collaborative or licensing relationships with our competitors. Failure of MRX34 or other product candidates to effectively compete against established treatment options or in the future with new products currently in development would harm our business, financial condition, results of operations and prospects.

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

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

- exposure to unknown liabilities;
- disruption of our business and diversion of our management’s time and attention in order to develop acquired products, product candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay for acquisitions;
- higher-than-expected acquisition and integration costs;
- write-downs of assets or goodwill or impairment charges;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and

· inability to retain key employees of any acquired businesses.

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

We are highly dependent on the services of our President and Chief Executive Officer, Paul Lammers, M.D., M.Sc., and our ability to attract and retain qualified personnel.

We may not be able to attract or retain qualified management and scientific and clinical personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. Our industry has experienced a high rate of turnover of management and scientific personnel in recent years. If we are not able to attract, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

We are highly dependent on the principal members of our management and scientific staff. The loss of service of any of our management and key scientific staff could harm our business, particularly our President and Chief Executive Officer, Dr. Lammers. Due to our limited resources, we may not be able to effectively attract and recruit additional qualified personnel. If we are not able to retain our management, particularly our President and Chief Executive Officer, Dr. Lammers, and to attract, on acceptable terms, additional qualified personnel necessary for the continued development of our business, we may not be able to sustain our operations or grow. Although we have executed employment agreements with each member of our current executive management team, including Dr. Lammers, we may not be able to retain their services as expected.

In addition, we have scientific and clinical advisors who assist us in formulating our product development and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us, or may have arrangements with other companies to assist in the development of products that may compete with ours.

Recent changes in our executive leadership and any similar changes in the future may serve as a significant distraction for our management and employees.

Since the beginning of 2016, there have been two changes to our executive leadership team. In May 2016, we transitioned our Chief Medical Officer from Dr. Sinil Kim to Dr. Vincent O'Neill and, in June 2016, we mutually agreed with Dr. Miguel Barbosa that Dr. Barbosa would resign as our Chief Scientific Officer. Such changes, or any other future changes in our executive leadership, may disrupt our operations as we adjust to the reallocation of responsibilities and assimilate new leadership and, potentially, differing perspectives on our strategic direction. If the transition in executive leadership is not smooth, the resulting disruption could negatively affect our operations and impede our ability to execute our strategic plan.

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

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

the confidential medical information of clinical trial participants, we could incur liability and the further development of our product candidates could be delayed.

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

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

Requirements associated with being a public company have increased and will continue to increase our costs significantly, as well as divert significant company resources and management attention.

Prior to our initial public offering in 2015, we were not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or the other rules and regulations of the Securities and Exchange Commission, or SEC, or any securities exchange relating to public companies. We are working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. These areas include corporate governance, corporate control, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas. However, the expenses associated with operating as a public company are, material, particularly after we cease to be an “emerging growth company.” Compliance with the various reporting and other requirements applicable to public companies also requires considerable time and attention of management. In addition, the changes we have made, and continue to make, may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all.

However, for as long as we remain an “emerging growth company” as defined in the Jumpstart our Business Startups Act, or the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Because the JOBS Act has only recently been enacted, it is not yet clear whether investors will accept the more limited disclosure requirements that we may be entitled to follow while we are an “emerging growth company.” If they do not, we elect to comply with disclosure requirements as if we were not an “emerging growth company,” in which case we would incur the greater expenses associated with such disclosure requirements.

We will remain an "emerging growth company" for up to five years after the completion of our initial public offering, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time or if we have total annual gross revenues of $1 billion or more during any fiscal year before that time, we would cease to be an "emerging growth company" as of the end of that fiscal year, or if we issue more than $1 billion in non-convertible debt in a three-year period, we would cease to be an "emerging growth company" immediately.

In addition, being a public company could make it more difficult or costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

If we are not able to implement the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 in a timely manner or with adequate compliance, we may be subject to sanctions by regulatory authorities.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and, beginning with our annual report for fiscal year 2016, provide a management report on the internal control over financial reporting. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We will be evaluating our internal controls systems to allow management to report on, and eventually allow our independent auditors to attest to, our internal controls. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and eventual auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. The aforementioned auditor attestation requirements will not apply to us until we are no longer considered an "emerging growth company."

To date, we have never conducted a review of our internal controls for the purpose of providing the reports required by these rules. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC or The NASDAQ Stock Market LLC, or NASDAQ. Any such action could adversely affect our financial results or investors' confidence in us and could cause our stock price to fall. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal controls that are deemed to be material weaknesses, we could be subject to sanctions or investigations by the SEC, NASDAQ or other regulatory authorities, which would entail expenditure of additional financial and management resources and could materially adversely affect our stock price. Deficient internal controls could also cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information, which could have a negative effect on our stock price.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in 2016 and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before such unused losses expire. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss, or NOL, carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be further limited. We believe that we have experienced at least one ownership change in the past. We may also experience additional ownership changes as a result of subsequent shifts in our stock ownership, including as a result of our initial public offering. Accordingly, our ability to use our pre-change NOL carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. For these reasons, we may not be able to utilize any or a material portion of our NOL carryforwards and other tax attributes.

If we seek and obtain approval to commercialize MRX34 outside of the United States, a variety of risks associated with international operations could materially adversely affect our business.

If MRX34 is approved for commercialization outside the United States, we will likely enter into agreements with third parties to market MRX34 outside the United States. We expect that we will be subject to additional risks related to entering into these international business relationships, including:

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

We or the third parties upon whom we depend may be adversely affected by natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

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

Furthermore, certain integral parties in our supply chain are geographically concentrated and operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events. Although we believe there to be sufficient alternative suppliers in other geographic locations, if such an event were to affect such existing parties in our supply chain, it could have a material adverse effect on our business.

Risks Related to Intellectual Property

If we are unable to obtain and maintain sufficient patent protection for our technology and product candidates, or if the scope of the patent protection is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our product candidates may be adversely affected.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies.

In particular, our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our product candidates. If we do not adequately protect our intellectual property, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability. To protect our proprietary position, we file patent applications in the United States and in limited jurisdictions abroad related to our product candidates and compounds in development that may become our product candidates. The patent application and approval process is expensive and time-consuming. We may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may also fail to identify patentable aspects of our research and development before it is too late to obtain patent protection.

The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. This uncertainty includes changes to the patent laws through either legislative action to change statutory patent law or court action that may reinterpret existing law in ways affecting the scope or validity of issued patents. The patent applications that we own or in-license may fail to result in issued patents in the United States or in foreign countries in which we pursue protection with claims that cover our product candidates. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents have issued, or do successfully issue, from patent applications that we own or license, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. For example, patents granted by the European Patent Office, or EPO, may be challenged, also known as opposed, by any person within nine months from the publication of their grant. In May 2015, two separate and unidentified parties filed submissions before the EPO opposing a granted European patent related to MRX34, EP2302055 (the ’055 Patent), in-licensed to us from Asuragen. We have reviewed these submissions and have submitted our response. We are currently awaiting a response from the EPO. All of the claims of the ’055 Patent remain valid and in force during the opposition proceedings. It is not possible to predict the outcome of the opposition proceedings, for example whether the patent will be maintained, limited in scope or whether the grant may be revoked. If the ’055 Patent is ultimately narrowed in scope or revoked during the opposition proceedings, the patent protection afforded by the ’055 Patent, and the extent of our exclusivity with respect to commercialization of MRX-34 in Europe could be materially impaired. Even if they are unchallenged, our patents may not adequately protect our product candidates, provide any competitive advantage or prevent others from designing around our claims. If the breadth or strength of protection provided by the patents and patent applications we hold, in-license or pursue with respect to our product candidates is threatened or insufficient, it could dissuade companies from collaborating with us to develop or undermine our ability to commercialize our product candidates and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Currently, our patent portfolio includes over 10 issued U.S. patents and over 42 pending U.S. and ex-U.S. patent applications that we own, co-own, or have in-licensed from third parties, primarily focused on various aspects of microRNA therapeutics, including various microRNA mimics, and methods of use as microRNA related therapies. Within our patent portfolio, we are the sole owner of multiple U.S. and foreign patent applications related to microRNA

therapies, including chemically modified versions of miR-34 not currently used in MRX34 (U.S. Patent No. 8,586,727) and other microRNAs mimics that are possible candidates for future product development as microRNA therapeutics. Further, our patent portfolio includes U.S. 7,960,359 and U.S. 8,563,708, both of which are related to miR-34 and are in-licensed from Asuragen. Specifically, U.S. 7,960,359 is related to use of a miR-34a mimic, for example MRX34, for reducing cell viability of human lung cancer cells, human cancerous T cells, human prostate cancer cells or human skin cancer cells. This patent is expected to expire in 2025. We also are the exclusive licensee with respect to MRX34 of US 9,006,206, which relates to use of miR-34 to treat a cancer associated with p53, and EP2126078, which relates to treatment of certain cancers that are also p53 negative. Both US 9,006,206 and EP 2126078 are co-owned by Rosetta Genomics and Yeda Research & Development. See "Business—Intellectual Property—Our Patent Portfolio" of Part I, Item 1 of our Annual Report for the year ended December 31, 2015 for a more detailed description of the patents we own or license covering our product candidates.

If the patent applications we hold or have in-licensed with respect to our programs or product candidates fail to issue, if their breadth or strength of protection is threatened, if we abandon or allow owned or in-licensed patents or patent applications that we are responsible for prosecuting to lapse, or if our owned and in-licensed patents and patent applications fail to provide meaningful exclusivity for our product candidates, it could dissuade companies from collaborating with us to develop product candidates, and threaten our ability to commercialize future products. We have multiple pending patent applications relating to our product candidates. We cannot offer any assurances about which, if any, patents will issue, the breadth of the claims of any such patent, should it issue, or whether any issued patents will be found invalid and/or unenforceable, will be interpreted narrowly or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any product candidates that we may develop.

Almost all of our patents and patent applications are entitled to effective filing dates prior to March 16, 2013. For U.S. patent applications in which patent claims are entitled to a priority date before March 16, 2013, an interference proceeding can be provoked by a third party, for example a competitor, or instituted by the U.S. Patent and Trademark Office, or USPTO, to determine who was the first to invent any of the subject matter covered by those patent claims. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our participation in an interference proceeding may fail and, even if successful, may result in substantial costs and distract our management.

Further, if we encounter delays in our clinical trials or achieving regulatory approvals, the period of time during which we could market any of our product candidates under patent protection, if approved, would be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file any patent application related to our product candidates. Furthermore, an interference proceeding can be provoked by a third party or instituted by the USPTO, to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available; however, the life of a patent, and the protection it affords, is limited. Even if we obtain patents that cover the manufacture, use and/or sale of our product candidates and such patents are not successfully challenged by any third parties, once the patent life has expired for a product, we may be open to competition, including from generic medications.

We may not be successful in obtaining or maintaining necessary rights to product components and processes for our development pipeline through acquisitions and in-licenses.

Presently we have rights to certain intellectual property through licenses from third parties and under patents that we own or co-own, related to a subset of the known microRNA targets. Because our programs may involve a range of microRNA targets and specific formulations of microRNA mimics directed to such targets, including targets and formulations that may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license or otherwise gain the right to use these proprietary rights. We may be unable to acquire or in-license any necessary or desirable third-party intellectual property rights on reasonable terms, or at all. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more

established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive now or in the future. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain rights to required third-party intellectual property rights, including rights related to our lead product candidate, our business, financial condition and prospects for growth could suffer.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected and our business would be harmed.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that may not be patentable or that we elect not to patent, processes for which patents may be difficult to obtain or enforce, and any other elements of our product candidates' discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary data and processes, in part, by confidentiality agreements and invention assignment agreements with our employees, consultants, scientific advisors, contractors and collaborators, and any other third parties that have access to our proprietary know-how, information or technology, for example, third parties involved in our clinical trials. Although we expect all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, and we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of our trade secrets could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information. For example, the FDA, as part of its Transparency Initiative, is currently considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all.

We also seek to preserve the integrity and confidentiality of our data, trade secrets and know-how by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. Moreover, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

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

Issued patents covering our product candidates could be found invalid or unenforceable if challenged in court or the USPTO.

If we or one of our licensing partners initiated legal proceedings against a third party to enforce a patent covering the manufacture, use or sale, or other aspects of one of our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation.

Such mechanisms include ex parte re-examination, inter partes review, post grant review and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. Similarly, the outcome following administrative review of a patent that we own or license, such as via a reexamination or opposition proceeding before the USPTO or a foreign body, is unpredictable. If a third party were to prevail, we could lose at least part, and perhaps all, of the patent protection on our product candidates. Such a loss of patent protection could have a material adverse impact on our business.

If we are sued for infringing the patent rights or misappropriating the trade secrets of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends, in part, on our ability to develop, manufacture, market and sell our product candidates and use our proprietary technology without infringing the patent rights of third parties. Numerous third-party U.S. and non-U.S. issued patents and pending applications exist in the area of microRNA. We are aware of certain U.S. and foreign patents and pending patent applications owned by our competitors or other third parties that cover certain miR-34 mimics and therapeutic uses thereof. We are currently monitoring these patents and patent applications. We have and we may in the future pursue available proceedings in the U.S. and foreign patent offices to challenge the validity of these patents and patent applications. In addition, or alternatively, we may consider whether to seek to negotiate a license of rights to technology covered by one or more of such patents and patent applications. If any patents or patent applications cover our product candidates or technologies, we may not be free to manufacture or market our product candidates, including MRX34, as planned, absent such a license, which may not be available to us on commercially reasonable terms, or at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, applications filed before November 29, 2000 and certain applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Moreover, it is difficult for industry participants, including us, to identify all third-party patent rights that may be relevant to our product candidates and technologies because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. We may fail to identify relevant patents or patent applications or may identify pending patent applications of potential interest but incorrectly predict the likelihood that such patent applications may issue with claims of relevance to our technology. In addition, we may be unaware of one or more issued patents that would be infringed by the manufacture, sale or use of a current or future product candidate, or we may incorrectly conclude that a third-party patent is invalid, unenforceable or not infringed by our activities. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, our products or the use of our products.

There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding patent rights with respect to our technology or products candidates, including interferences, oppositions and *inter partes* review proceedings before the USPTO and corresponding foreign patent offices. We also monitor patent prosecution activities and pending applications of competitors and potential competitors in our field in order to identify third party patent rights that could pose a potential threat to our freedom to operate in the market with respect to our product candidates, once commercialized. We are currently pursuing and may in the future pursue available administrative proceedings in the U.S. or foreign patent offices to challenge third party patent rights that could adversely impact our ability to commercialize one or more of our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our current or future product candidates may be subject to claims of infringement of the patent rights of third parties, who may assert infringement claims against us based on existing or future patent rights. Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for

treatment related to the use or manufacture of our product candidates and third parties could allege that our technology infringes such claims. Further, because patent applications can take many years to issue, third parties may have currently pending patent applications which may later result in issued patents that our product candidates may infringe, or which such third parties claim are infringed by the use of our technologies. The outcome of patent litigation is subject to uncertainties that cannot be adequately quantified in advance. The pharmaceutical and biotechnology industries have produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our product candidates, products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be able to do this. Proving that a patent is invalid is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could have a material adverse effect on us. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

If we are found to infringe a third party's patent rights, including any patent rights related to miR-34, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product candidate or product. Alternatively, we may be required to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

Parties making claims against us for infringement of their patent rights may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we could be required to redesign our infringing products or obtain a license from such third party to continue developing and commercializing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms, or at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. It may be impossible to redesign our products and technology, or it may require substantial time and monetary expenditure, which could force us to cease commercialization of one or more of our product candidates, including MRX34, or some of our business operations, which could materially harm our business. In addition, in any such proceeding, we may be required to pay substantial damages, including treble damages and attorneys' fees in the event we are found liable for willful infringement.

We may be involved in lawsuits or administrative proceedings to protect or enforce our intellectual property rights, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or we may believe that they infringe patents that we own or license. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party in such infringement proceeding from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly, and could put any of our patent applications at risk of not yielding an issued patent. Litigation is uncertain, and we cannot predict whether we would be successful in any such litigation.

Interference proceedings provoked by third parties or brought by the USPTO or any foreign patent authority may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms, if any license is offered at all. Litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees.

We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Legal actions to enforce patent rights or other intellectual property rights that we own or license can be expensive and may involve the diversion of significant management time. In addition, these legal actions could be unsuccessful and could also result in the invalidation of our patents or a finding that they are unenforceable. Moreover, third parties may be able to successfully design around our patents using pre-existing technology, by developing new technology or by using similar technology that is outside the scope of our patents. We may or may not choose to pursue litigation against those that have infringed on our patents, or used them without authorization, due to the associated expense and time commitment of monitoring these activities. If we fail to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could harm our results of operations.

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

Filing, prosecuting and defending patents on all of our product candidates throughout the world would be prohibitively expensive, and our patent rights in some countries outside the United States can be less extensive than those in the United States. The requirements for patentability may differ in certain countries, particularly developing countries. For example, unlike other countries, China has a heightened requirement for patentability, and specifically requires a detailed description of medical uses of a claimed therapeutic. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions.

As part of ordinary course prosecution and maintenance activities, we determine whether to seek patent protection outside the United States and in which countries. This also applies to patents we have acquired or in-licensed from third parties. In some cases, this means that we, or our predecessors in interest or licensors of patents within our portfolio, have sought patent protection in a limited number of countries for patents covering our product candidates, including for patents providing coverage for MRX34. Competitors may use our technologies in jurisdictions where we have not pursued and obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but where enforcement is not as strong as in the United States. These products may compete with our products in jurisdictions where we do not have any issued patents and, even in jurisdictions where we have or are able to obtain issued patents, our patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, certain countries in Europe and certain developing countries, including India and China, have

compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we may have limited remedies if our patents are infringed or if we are compelled to grant a license to our patents to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities.

Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license. Moreover, patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

The patent protection and patent prosecution for some of our product candidates may be dependent on our third party licensors.

While we normally seek to obtain the right to control the filing, prosecution, maintenance, defense and enforcement of the patents and patent applications that we in-license relating to our product candidates, there may be times when such activities for patents that relate to our product candidates are controlled by our licensors. For example, we do not have the first right to prosecute, maintain, defend, or enforce the patent rights licensed to us relating to the SMARTICLES technology under our agreement with Marina Biotech, Inc., or Marina. Although we may retain the right to consult on such filing, prosecution, maintenance, defense, and enforcement activities, our overall ability to influence such activities is limited. Moreover, the patent rights we have in-licensed from Marina may be put at risk in litigation or administrative proceedings unrelated to our product candidates. Further, while we seek to have rights to take action to defend our in-licensed patents and patent applications from third-party challenges in the event that our licensors determine not to, we may not be aware of any such potential threats to the intellectual property rights we in-license, or we may be unsuccessful in protecting such intellectual property rights if we respond to any such challenges by third parties.

If these licensors or any of our future licensors fail to appropriately file, prosecute, maintain, defend or enforce our in-licensed patents and patent applications covering any of our product candidates, our ability to develop and commercialize those product candidates may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products.

If we breach any of the agreements under which we license patent rights to use, develop and commercialize our product candidates or our technologies from third parties or, in certain cases, we fail to meet certain development deadlines, we could lose license rights that are important to our business.

We are a party to a number of license agreements under which we are granted rights to intellectual property that are important to our business and we expect that we may need to enter into additional license agreements in the future. These include our exclusive cross-license agreement with Asuragen, our exclusive licenses from Yale University, or Yale, Marina, the University of Zurich, and Rosetta Genomics Ltd., or Rosetta Genomics.

Our existing license agreements, except our cross-license agreement with Asuragen, generally impose, and we expect that future license agreements will impose on us, various development, regulatory and/or commercial diligence obligations, and financial obligations, such as payment of milestones and/or royalties. If we fail to comply with our obligations under these agreements, or we are subject to a bankruptcy, the licensor may have the right to terminate the license, in which event we may not be able to market products covered by the license. Our business could suffer, for example, if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. See “Business — Strategic Partnerships and Licenses” of Part I, Item 1 of our Annual Report for the year ended December 31, 2015 for a description of our license agreements, which sets forth the material terms and obligations, including a description of the termination provisions, under our agreements with Asuragen, Yale, Marina, the University of Zurich and Rosetta Genomics.

We license the technology related to SMARTICLES from Marina. Our license with Marina imposes various development, regulatory, commercial diligence, financial and other obligations. If we fail to comply with our obligations under the agreement with Marina, or otherwise materially breach the agreement with Marina, and fail to remedy such failure or cure such breach, Marina may have the right to terminate the license. The loss of the license from Marina would affect a portion of the patent portfolio for MRX34, which would adversely affect our ability to proceed with any development or potential commercialization of MRX34, and could subject us to claims of patent infringement by Marina if MRX34 is covered by the affected patents.

As we have done previously, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we cannot provide any assurances that third-party patents do not exist that might be enforced against our current product candidates or future products in the absence of such a license. We may fail to obtain any of these licenses on commercially reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could materially harm our business and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property that we have licensed arise, we would expect to exercise all rights and remedies available to us, including seeking to cure any breach by us, and otherwise seek to preserve our rights under the patents licensed to us. However, we may not be able to do so in a timely manner, at an acceptable cost or at all. Generally, the loss of any one of our current licenses, or any other license we may acquire in the future, could prevent or impair our ability to successfully develop and commercialize the affected product candidates and thus materially harm our business, prospects, financial condition and results of operations.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, provide a barrier to entry against our competitors or potential competitors, or permit us to maintain our competitive advantage. Moreover, if a third party has

intellectual property rights that cover the practice of our technology, we may not be able to fully exercise or extract value from our intellectual property rights. The following examples are illustrative:

- others may be able to make compounds that are similar to our product candidates but that are not covered by the claims of the patents that we own or license;
- we or our licensors or collaborators might not have been the first to make the inventions covered by an issued patent or pending patent application that we own or license;
- we or our licensors or collaborators might not have been the first to file patent applications covering an invention;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing or misappropriating our intellectual property rights;
- pending patent applications that we own or license may not lead to issued patents;
- issued patents that we own or license may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop or in-license additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could significantly harm our business, results of operations and prospects.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We were previously involved in discussions with Yale regarding the inventorship and ownership of certain patents and patent applications licensed to us by Asuragen. An independent third party expert was engaged to determine the inventorship and the ownership of patents and patent applications potentially subject to Yale and Asuragen co-ownership. This determination confirmed Asuragen's sole ownership of the patents and patent applications where co-ownership had been under consideration and resulted in a determination that Yale should be removed as a co-owner of one of the pending patent applications, an action we are currently undertaking.

Although we seek to protect our ownership of our patents and other intellectual property by ensuring that our agreements with our employees and certain collaborators and other third parties with whom we do business include provisions requiring, for instance, such parties to assign rights in inventions to us, we may be subject to claims that former or current employees, collaborators or other third parties have an ownership interest in our patents, in-licensed patents or other intellectual property. In some situations, our confidentiality agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants or advisors have previous employment or consulting relationships, and further, many of our consultants are currently retained by other biotechnology or pharmaceutical companies, including our competitors or potential competitors, and may be subject to conflicting obligations to these third parties. To the extent that our employees, consultants or contractors use any intellectual property owned by third parties in their work for us, disputes may arise as to the ownership of rights in any related or resulting know-how and inventions, arising, for example, from such conflicting obligations of consultants, employees or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property.

Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

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

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent prosecution process. Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or patent applications will be due to be paid to the USPTO and various patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We have systems in place to remind us to pay these fees, and we employ reputable law firms and other professionals and rely on such third parties to effect payment of these fees with respect to the USPTO and non-U.S. patent agencies with respect to the patents and patent applications we own, and we rely upon our licensors to effect payment of these fees with respect to the patents and patent applications that we in-license. Even if we do not control prosecution and maintenance of our in-licensed patents, we may be responsible for reimbursing our licensors for some or all of the costs associated with such activities. If we fail to make timely payment to our licensors for such fees, our licensors may have the right to terminate the affected license, in which event we would not be able to market products covered by the license. We also employ reputable law firms and other professionals to help us comply with the various documentary and other procedural requirements with respect to the patents and patent applications that we own. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products, and recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

As is the case with other biotechnology companies, our success is heavily dependent on patents. Obtaining and enforcing patents in the biotechnology industry involve both technological and legal complexity, and is therefore costly, time-consuming and inherently uncertain. In addition, the United States has recently enacted and is currently implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. Some of our patent claims may be affected by the recent U.S. Supreme Court decision in *Association for Molecular Pathology v. Myriad Genetics*. In *Myriad*, the Supreme Court held that unmodified isolated fragments of genomic sequences, such as the DNA constituting the BRCA1 and BRCA2 genes, are not eligible for patent protection because they constitute a product of nature. The exact boundaries of the Supreme Court's decision remain unclear as the Supreme Court did not address other types of nucleic acids, such as isolated microRNAs. Nevertheless, our patent portfolio contains claims of various types and scope, including chemically modified mimics, such as in MRX34, as well as methods of medical treatment. In our view, the presence of varying claims in our patent portfolio significantly reduces, but does not eliminate, our exposure to potential validity challenges under *Myriad* or future judicial decisions. However, it is not yet clear what, if any, impact this recent Supreme Court decision or future decisions will have on the operation of our business.

For our U.S. patent applications containing a claim not entitled to priority before March 16, 2013, there is a greater level of uncertainty in the patent law. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications will be prosecuted and may also affect patent

litigation. The USPTO has promulgated regulations and developed procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, did not come into effect until March 16, 2013. Accordingly, it is not yet clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

An important change introduced by the Leahy-Smith Act is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Furthermore, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our technology and the prior art allow our technology to be patentable over the prior art. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to either (i) file any patent application related to our product candidates or (ii) invent any of the inventions claimed in our patents or patent applications.

Among some of the other changes introduced by the Leahy-Smith Act are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal court necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action.

We may be subject to claims that our employees or consultants or independent contractors have wrongfully used or disclosed confidential information or trade secrets of third parties or that our employees or consultants have wrongfully used or disclosed alleged trade secrets of former or other employers.

Many of our employees, independent contractors and consultants, including our senior management, have been previously employed or retained by other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the proprietary information or know-how of third parties in their work for us, and do not perform work for us that is in conflict with their obligations to another employer or any other entity, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise improperly used or disclosed confidential information, including trade secrets or other proprietary information, of a former employer or other third parties. We may also be subject to claims that an employee, advisor, consultant, or independent contractor performed work for us that conflicts with that person's obligations to a third party, such as an employer, and thus, that the third party has an ownership interest in the intellectual property arising out of work performed for us. We are not aware of any threatened or pending claims related to these matters, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable personnel or intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property disputes could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and/or management personnel from their normal

responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

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

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

Risks Related to Government Regulation

Even if we receive regulatory approval for a product candidate, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and subject us to penalties if we fail to comply with applicable regulatory requirements.

Once regulatory approval has been granted, the approved product and its manufacturer are subject to continual review by the FDA and/or non-U.S. regulatory authorities. Any regulatory approval that we receive for our product candidates may be subject to limitations on the indicated uses for which the product may be marketed or contain requirements for potentially costly post- marketing follow-up studies to monitor the safety and efficacy of the product. In addition, if the FDA and/or non-U.S. regulatory authorities approve any of our product candidates, we will be subject to extensive and ongoing regulatory requirements by the FDA and other regulatory authorities with regard to the labeling, packaging, adverse event reporting, storage, sampling, advertising, promotion and recordkeeping for our products. Manufacturers of our products are required to comply with cGMP regulations, which include requirements related to quality control and quality assurance as well as the corresponding maintenance of records and documentation. Further, regulatory authorities must approve these manufacturing facilities before they can be used to manufacture our products, and these facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations. Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control. We will also be required to report certain adverse reactions and production problems, if any, to the FDA, and to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product’s approved label. As such, we may not promote our products for indications or uses for which they do not have FDA approval.

If we, any current or future collaborator or a regulatory authority discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory authority may impose restrictions on that product, such collaborator, the manufacturer or us, including requiring withdrawal of the product from the market or suspension of manufacturing. If we, our product candidates or the manufacturing facilities for our product candidates fail to comply with regulatory requirements of the FDA and/or other non-U.S. regulatory authorities, we could be subject to administrative or judicially imposed sanctions, including:

- warning letters;
- civil or criminal penalties;
- injunctions;
- suspension of or withdrawal of regulatory approval;
- total or partial suspension of any ongoing clinical trials or of production;
- voluntary or mandatory product recalls and publicity requirements;
- refusal to approve pending applications for marketing approval of new products or supplements to approved applications filed by us;
- restrictions on operations, including costly new manufacturing requirements; or
- seizure or detention of our products or import bans.

The regulatory requirements and policies may change and additional government regulations may be enacted for which we may also be required to comply. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or in other countries. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our product candidates. In addition, if we or any current or future collaborator are not able to maintain regulatory compliance, we or such collaborator, as applicable, will not be permitted to market our future products and our business will suffer.

The availability of adequate third-party coverage and reimbursement for newly approved products is uncertain, and failure to obtain adequate coverage and reimbursement from third-party payors could impede our ability to market any future products we may develop and could limit our ability to generate revenue.

There is significant uncertainty related to the third-party payor coverage and reimbursement of newly approved medical products. The commercial success of our future products in both domestic and international markets depends on whether such third-party coverage and reimbursement are available for our future products. Governmental payors, including Medicare and Medicaid, health maintenance organizations and other third-party payors are increasingly attempting to manage their healthcare expenditures and challenging the prices charged for medical products and services by limiting both coverage and the level of reimbursement of new drugs and biologics and, as a result, they may not cover or provide adequate reimbursement for our future products. These payors may not view our future products as cost-effective, and coverage and reimbursement may not be available to our customers, may be limited to certain indications or may not be sufficient to allow our future products to be marketed on a competitive basis. Third-party payors are exerting increasing influence on decisions regarding the use of, and coverage and reimbursement levels for, particular treatments. Cost-control initiatives could cause us to decrease the price we might establish for our products candidates, which could result in lower than anticipated product revenues. If we decrease the prices for our product candidates because of competitive pressures or if governmental and other third-party payors do not provide adequate coverage or reimbursement, our prospects for revenue and profitability will suffer.

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

The regulations relating to the promotion of products for unapproved uses are complex and subject to substantial interpretation by the FDA and other government agencies. If we receive marketing approval for MRX34 or other product candidates, we will be restricted from promoting the products for uses outside of the approved labeling. However, physicians may nevertheless prescribe products to their patients in a manner that is inconsistent with the approved label. We intend to implement compliance and training programs designed to ensure that our sales and marketing practices comply with applicable regulations. Notwithstanding these programs, the FDA or other government agencies may allege or find that our practices constitute prohibited promotion of our products for unapproved uses. We also cannot be sure that our employees will comply with company policies and applicable regulations regarding the promotion of products for unapproved uses.

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

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

If approved, MRX34 or any future products may cause or contribute to adverse medical events that we are required to report to regulatory agencies, and if we fail to do so we could be subject to sanctions that would materially harm our business.

If we are successful in commercializing MRX34 or any other products, the FDA and foreign regulatory agency regulations require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA or a foreign regulatory agency could take action, including criminal prosecution, the imposition of civil monetary penalties, seizure of our products or delay in approval of future products.

Failure to obtain regulatory approvals in foreign jurisdictions will prevent us from marketing our product candidates internationally.

We may seek a distribution and marketing collaborator for MRX34 or other product candidates. In order to market our product candidates in the European Economic Area, or EEA (which is comprised of the 28 Member States of the EU plus Norway, Iceland and Liechtenstein), and many other foreign jurisdictions, we or any such collaborator must obtain separate regulatory approvals. More concretely, in the EEA, medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of marketing authorizations:

- The Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use of the European Medicines Agency, or EMA, and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, and medicinal products indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU.

- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

Under these two procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

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

Healthcare reform measures could hinder or prevent our product candidates' commercial success.

In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system that could affect our future revenues and profitability and the future revenues and profitability of our potential customers. Federal and state lawmakers regularly propose and, at times, enact legislation that results in significant changes to the healthcare system, some of which are intended to contain or reduce the costs of medical products and services. For example, in March 2010, the President signed one of the most significant healthcare reform measures in decades, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act. It contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse measures, all of

which will impact existing government healthcare programs and will result in the development of new programs. The Affordable Care Act, among other things:

- imposes a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs";
- increases the minimum level of Medicaid rebates payable by manufacturers of brand-name drugs from 15.1% to 23.1%;
- addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected;
- requires collection of rebates for drugs paid by Medicaid managed care organizations;
- requires manufacturers to participate in a coverage gap discount program, under which they must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and
- mandates a further shift in the burden of Medicaid payments to the states.

Other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve its targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reductions to several government programs. These reductions include aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments, will remain in effect through 2024 unless additional Congressional action is taken. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There likely will continue to be legislative and regulatory proposals at the federal and state levels directed at containing or lowering the cost of health care. We cannot predict the initiatives that may be adopted in the future or their full impact. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of health care may adversely affect:

- our ability to set a price we believe is fair for our products;
- our ability to generate revenues and achieve or maintain profitability; and
- the availability of capital.

In light of widely publicized events concerning the safety risk of certain drug products, regulatory authorities, members of Congress, the Governmental Accounting Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products, revisions to drug labeling that further limit use of the drug products and establishment of risk management programs that may, for instance, restrict distribution of drug products. The increased attention to drug safety issues may result in a more cautious approach by the FDA to clinical trials and the drug approval process. Data from clinical trials may receive greater scrutiny with respect to safety, which may make the FDA or other regulatory authorities more likely to terminate clinical trials before completion, or require longer or additional clinical trials that may result in substantial additional expense and a delay or failure in obtaining approval or approval for a more limited indication than originally sought. In, addition, because of the serious public health risks of high profile adverse safety events with certain products, the FDA may

require, as a condition of approval, costly risk management programs which may include safety surveillance, restricted distribution and use, patient education, enhanced labeling, special packaging or labeling, expedited reporting of certain adverse events, preapproval of promotional materials and restrictions on direct-to-consumer advertising.

If we fail to comply with healthcare regulations, we could face substantial penalties and our business, results of operations and financial condition could be adversely affected.

Even though we do not and will not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third-party payors, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We could be subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The regulations that may affect our ability to operate include, without limitation:

- the federal Anti-Kickback Statute, which prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- the federal False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false claims, or knowingly using false statements, to obtain payment from the federal government, and which may apply to entities that provide coding and billing advice to customers;

- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;

- the federal Physician Payment Sunshine Act, which requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the government information related to payments or other "transfers of value" made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and requires applicable manufacturers and group purchasing organizations to report annually to the government ownership and investment interests held by the physicians described above and their immediate family members and payments or other "transfers of value" to such physician owners (manufacturers are required to submit reports to the government by the 90th day of each calendar year);

- the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy

and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in government health care programs, such as Medicare and Medicaid, imprisonment, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security and fraud and abuse laws may prove costly.

Risks Related to Our Common Stock

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

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

- ability to commercialize or obtain regulatory approval for our product candidates, or delays in commercializing or obtaining regulatory approval;
- results from, or any delays or holds in, preclinical or nonclinical testing or clinical trial programs relating to our product candidates, including the Phase 1 clinical trial for MRX34;
- any need to suspend or discontinue clinical trials due to side effects or other safety risks, or any need to conduct studies on the long-term effects associated with the use of our product candidates;
- manufacturing issues related to our product candidates for clinical trials or future products for commercialization;
- commercial success and market acceptance of our product candidates following regulatory approval;
- undesirable side effects caused by product candidates after they have entered the market;
- ability to discover, develop and commercialize additional product candidates;
- announcements relating to collaborations that we may enter into with respect to the development or commercialization of our product candidates;
- announcements relating to the receipt, modification or termination of government contracts or grants;
- success of our competitors in discovering, developing or commercializing products;
- strategic transactions undertaken by us;
- additions or departures of key personnel;
- product liability claims related to our clinical trials or product candidates;
- prevailing economic conditions;

· business disruptions caused by earthquakes or other natural disasters;

· disputes concerning our intellectual property or other proprietary rights;

· FDA or other U.S. or foreign regulatory actions affecting us or our industry;

· healthcare reform measures in the United States and outside the United States;

· sales of our common stock by our officers, directors or significant stockholders;

· future sales or issuances of equity or debt securities by us;

· lack of an active, liquid and orderly market in our common stock;

· fluctuations in our quarterly operating results; and

· the issuance of new or changed securities analysts' reports or recommendations regarding us.

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

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

Based on the beneficial ownership of our common stock as of June 30, 2016, our officers and directors, together with holders of 5% or more of our outstanding common stock and their respective affiliates, beneficially own approximately 74.8% of our common stock. Accordingly, these stockholders have significant influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transaction. The interests of these stockholders may not be the same as or may even conflict with your interests. For example, these stockholders could delay or prevent a change of control of our company, even if such a change of control would benefit our other stockholders, which could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company or our assets and might affect the prevailing market price of our common stock. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 102 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. An "emerging growth company" can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Future sales of our common stock or securities convertible or exchangeable for our common stock may depress our stock price.

If our existing stockholders or holders of our options sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. The perception in the market that these sales may occur could also cause the trading price of our common stock to decline. As of June 30, 2016, we have a total of 20,835,868 shares of common stock outstanding.

In addition, based on the number of shares subject to outstanding awards under our 2008 Long Term Incentive Plan, or 2008 Stock Plan, as of June 30, 2016, and including the initial reserves under our 2015 Equity Incentive Award Plan, or 2015 Plan, and Employee Stock Purchase Plan, or ESPP, approximately 3.9 million shares of common stock that are either subject to outstanding options, outstanding but subject to vesting, or reserved for future issuance under the 2008 Stock Plan, 2015 Plan or ESPP will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules. We also filed a registration statement permitting certain shares of common stock issued in the future pursuant to the 2008 Plan, 2015 Plan and ESPP to be freely resold by plan participants in the public market, subject to applicable vesting schedules and, for shares held by directors, executive officers and other affiliates, volume limitations under Rule 144 under the Securities Act. The 2015 Plan and ESPP also contain provisions for the annual increase of the number of shares reserved for issuance under such plans, which shares we also intend to register. If the shares we may issue from time to time under the 2008 Stock Plan, 2015 Plan or ESPP are sold, or if it is perceived that they will be sold, by the award recipient in the public market, the trading price of our common stock could decline.

Certain holders of approximately 13.9 million shares of our common stock at June 30, 2016 are entitled to rights with respect to the registration 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, except for shares purchased by affiliates. Sales of such shares could also cause the trading price of our common stock to decline.

An active, liquid and orderly market for shares of our common stock may not be sustained.

Prior to our initial public offering in October 2015, there had been no public market for our common stock, and an active public market for our shares may not be sustained. Further, certain of our existing institutional investors, including investors affiliated with certain of our directors, purchased approximately 2.4 million shares of common stock in our initial public offering and consequently fewer shares may be actively traded in the public market because these stockholders are restricted from selling the shares by restrictions under applicable securities laws, which would reduce the liquidity of the market for our common stock. If an active market for shares of our common stock is not maintained it may be difficult for our stockholders to sell their shares at the time they wish to sell them or at a price that they consider reasonable or it may result in volatility in our stock price. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses or technologies or in-license new product candidates using our shares as consideration.

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expenses related to our product candidates or future development programs;
- if MRX34 or any other product candidate receives regulatory approval, the level of underlying demand for these product candidates;
- addition or termination of clinical trials or funding support;
- receipt, modification or termination of government contracts or grants, and the timing of payments we receive under these arrangements;
- our execution of any collaborative, licensing or similar arrangements, and the timing of payments we may make or receive under these arrangements;
- any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved; and
- regulatory developments affecting our product candidates or those of our competitors.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Provisions of our charter documents or Delaware law could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our stockholders, and could make it more difficult for you to change management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. In addition, these provisions may frustrate or prevent any attempt by our stockholders to replace or remove our current management by making it more difficult to replace or remove our board of directors. These provisions include:

- a classified board of directors so that not all directors are elected at one time;
- a prohibition on stockholder action through written consent;
- no cumulative voting in the election of directors;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director;
- a requirement that special meetings of stockholders be called only by the board of directors, the chairman of the board of directors, the chief executive officer or, in the absence of a chief executive officer, the president;
- an advance notice requirement for stockholder proposals and nominations;

- the authority of our board of directors to issue preferred stock with such terms as our board of directors may determine; and
- a requirement of approval of not less than $66^{2}/_{3}\%$ of all outstanding shares of our capital stock entitled to vote to amend any bylaws by stockholder action, or to amend specific provisions of our certificate of incorporation.

In addition, Delaware law prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person who, together with its affiliates, owns or within the last three years has owned 15% or more of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Accordingly, Delaware law may discourage, delay or prevent a change in control of our company. Furthermore, our amended and restated certificate of incorporation will specify that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders. We believe this provision benefits us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. However, the provision 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 any applicable action brought against us, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Provisions in our charter and other provisions of Delaware law could limit the price that investors are willing to pay in the future for shares of our common stock.

Our employment agreements with our officers may require us to pay severance benefits to any of those persons who are terminated in connection with a change of control of us, which could harm our business, financial condition or results of operations.

Our officers are parties to employment agreements providing for aggregate cash payments of up to approximately $2.4 million at June 30, 2016 for severance and other benefits in the event of a termination of employment in connection with a change of control of us. The payment of these severance benefits could harm our business, financial condition and results of operations. In addition, these potential severance payments may discourage or prevent third parties from seeking a business combination with us.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future; therefore, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We have never declared or paid cash dividends on our common stock. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. In addition, the terms of any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our common stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. In addition, if our operating results fail to meet the

forecast of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price and trading volume to decline.

Changes in, or interpretations of, accounting rules and regulations could result in unfavorable accounting charges or require us to change our compensation policies.

Accounting methods and policies for biopharmaceutical companies, including policies governing revenue recognition, research and development and related expenses and accounting for stock-based compensation, are subject to further review, interpretation and guidance from relevant accounting authorities, including the SEC. Changes to, or interpretations of, accounting methods or policies may require us to reclassify, restate or otherwise change or revise our financial statements, including those contained in this periodic report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description of Document	Incorporated by Reference			Provided Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation.	8-K	10/06/2015	3.1	
3.2	Amended and Restated Bylaws.	8-K	10/06/2015	3.2	
4.1	Reference is made to Exhibits 3.1 through 3.2.				
4.2	Form of Common Stock Certificate.	S-1/A	09/18/2015	4.2	
10.1	Lease Agreement, dated as of June 24, 2016, between G&I VII Encino Trace II LP and Mirna Therapeutics, Inc.				X
10.2#	Separation Agreement dated June 29, 2016 by and between Miguel Barbosa and Mirna Therapeutics, Inc.				X
10.3#	Transition and Separation Agreement, dated as of May 13, 2016, by and between Sinil Kim and Mirna Therapeutics, Inc.				X
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
32.1*	Certification required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350)				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X

* The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Mirna Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

# Indicates management contract or compensatory plan.

SIGNATURES

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

MIRNA THERAPEUTICS, INC.
(Registrant)

Date: August 15, 2016

/s/ Paul Lammers
Paul Lammers, M.D., M.Sc.
Chief Executive Officer
(Principal Executive Officer)

Date: August 15, 2016

/s/ Alan Fuhrman
Alan Fuhrman
Chief Financial Officer
(Principal Financial Officer)

LEASE

THIS LEASE ("Lease") is entered into as of June 24, 2016, between G&I VII ENCINO TRACE II LP, a Delaware limited partnership ("Landlord"), and MIRNA THERAPEUTICS, INC., a Delaware corporation ("Tenant").

In consideration of the mutual covenants stated below, and intending to be legally bound, the parties covenant and agree as follows:

1. KEY DEFINED TERMS.

(a) "Abatement Period" means the period that begins on the Commencement Date and ends on the day immediately prior to the 3-month anniversary of the Commencement Date. During the Abatement Period, no Fixed Rent is due or payable, but Tenant shall pay to Landlord: (i) Tenant's Share (as defined in Section 5(a)) of Operating Expenses; (ii) utilities as set forth in Section 6; and (iii) all other amounts due Landlord with the exception of Fixed Rent.

(b) "Additional Rent" means all costs and expenses other than Fixed Rent that Tenant is obligated to pay Landlord pursuant to this Lease.

(c) "Broker" means Cox Oddo Commercial (aka Don Cox Company).

(d) "Building" means the building known as Encino Trace, Building II, located at 5707 Southwest Parkway, Austin, Texas 78735, containing approximately 158,137 rentable square feet.

(e) "Business Hours" means the hours of 7:00 a.m. to 7:00 p.m. on weekdays, and 9:00 a.m. to 1:00 p.m. on Saturdays, excluding Building holidays.

(f) "Commencement Date" means the date that is the earlier of: (i) the date on which Tenant first conducts any business in all or any portion of the Premises; (ii) Substantial Completion (as defined in Exhibit C); or (iii) January 1, 2017.

(g) "Common Areas" means, to the extent applicable, the lobby, parking facilities, passenger elevators, rooftop terrace, fitness or health center, plaza and sidewalk areas, multi-tenanted floor restrooms, and other similar areas of general access at the Building or designated for the benefit of Building tenants, and the areas on multi-tenant floors in the Building devoted to corridors, elevator lobbies, and other similar facilities serving the Premises.

(h) "Expiration Date" means the last day of the Term, or such earlier date of termination of this Lease pursuant to the terms hereof.

(i) "Fixed Rent" means fixed rent in the amounts set forth below, subject to increase in accordance with Section 4.1(d) of Exhibit C attached hereto:

TIME PERIOD	FIXED RENT PER R.S.F.	ANNUALIZED FIXED RENT	MONTHLY INSTALLMENT
Commencement Date – end of Abatement Period	$0.00	$0.00	$0.00
Fixed Rent Start Date – end of Rent Period 1	$25.50	$601,239.00	$50,103.25
Rent Period 2	$26.27	$619,394.06	$51,616.17
Rent Period 3	$27.06	$638,020.68	$53,168.39
Rent Period 4	$27.87	$657,118.86	$54,759.91
Rent Period 5	$28.71	$676,924.38	$56,410.37
Rent Period 6	$29.57	$697,201.46	$58,100.12
Rent Period 7	$30.46	$718,185.88	$59,848.82
Rent Period 8	$31.37	$739,641.86	$61,636.82
Rent Period 9	$32.31	$761,805.18	$63,483.77
Rent Period 10	$33.28	$784,675.84	$65,389.65
Rent Period 11 – End of Initial Term	$34.28	$808,253.84	$67,354.49

(j) "Fixed Rent Start Date" means the day immediately following the end of the Abatement Period.

(k) "Initial Term" means the period commencing on the Commencement Date, and ending at 11:59 p.m. on: (i) if the Fixed Rent Start Date is the first day of a calendar month, the day immediately prior to the 120-month anniversary of the Fixed Rent Start Date; or (ii) if the Fixed Rent Start Date is not the first day of a calendar month, the last day of the calendar month containing the 120-month anniversary of the Fixed Rent Start Date.

(l) "Laws" means federal, state, county, and local governmental and municipal laws, statutes, ordinances, rules, regulations, codes, decrees, orders, and other such requirements, and decisions by courts in cases where such decisions are considered binding precedents in the state or commonwealth in which the Premises are located ("State"), and decisions of federal courts applying the laws of the State, including without limitation Title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §12181 et seq. and its regulations.

(m) "LOC" has the meaning set forth in Section 4 hereof.

(n) "Premises" means Suite 100 in the Building, consisting of approximately 23,578 square feet, as shown on Exhibit A attached hereto.

(o) "Project" means the Building together with the parcel of land upon which the Building is located and all Common Areas.

(p) "Rent" means Fixed Rent and Additional Rent. Landlord may apply payments received from Tenant to any obligations of Tenant then due and owing without regard to any contrary Tenant instructions or requests. Additional Rent shall be paid by Tenant in the same manner as Fixed Rent, without setoff, deduction, or counterclaim.

(q) "Rent Period" means, with respect to the first Rent Period, the period that begins on the Commencement Date and ends on the last day of the calendar month preceding the month in which the first anniversary of the Commencement Date occurs; thereafter each succeeding Rent Period shall commence on the day following the end of the preceding Rent Period, and shall extend for 12 consecutive months.

(r) "Security Deposit" means $77,876.53.

(s) "Tenant's NAICS Code" means Tenant's 6-digit North American Industry Classification number under the North American Industry Classification System as promulgated by the Executive Office of the President, Office of Management and Budget, which is _____. [http://www.naics.com/search/]

(t) "Term" means the Initial Term together with any extension of the term of this Lease agreed to by the parties in writing.

2. PREMISES. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises for the Term subject to the terms and conditions of this Lease. Tenant accepts the Premises in their "AS IS", "WHERE IS", "WITH ALL FAULTS" condition, except that Landlord shall cause the Premises to be in Base Premises Condition (as defined in Exhibit C-3) at Landlord's sole cost and expense prior to the Commencement Date. Upon Tenant's and Landlord's execution and delivery of this Lease, Landlord shall deliver possession of the Premises to Tenant for Tenant's completion of the Leasehold Improvements (as defined in and pursuant to Exhibit C).

3. TERM; RENTABLE AREA. The Term shall commence on the Commencement Date. The terms and provisions of this Lease are binding on the parties upon Tenant's and Landlord's execution of this Lease

notwithstanding a later Commencement Date for the Term. The rentable area of the Premises and the Building shall be deemed to be as stated in Section 1. By the Confirmation of Lease Term substantially in the form of Exhibit B attached hereto ("COLT"), Landlord shall notify Tenant of the Commencement Date, rentable square footage of the Premises, said area to be determined in accordance with the 2010 Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1 – 2010) promulgated by BOMA International, and all other matters stated therein. The COLT shall be conclusive and binding on Tenant as to all matters set forth therein unless, within 10 days following delivery of the COLT to Tenant, Tenant contests any of the matters contained therein by notifying Landlord in writing of Tenant's objections.

4. FIXED RENT; SECURITY DEPOSIT; LATE FEE; LETTER OF CREDIT.

(a) Tenant covenants and agrees to pay to Landlord during the Term, without notice, demand, setoff, deduction, or counterclaim, Fixed Rent in the amounts set forth in Section 1. The Monthly Installment of Fixed Rent, the monthly amount of Estimated Operating Expenses as set forth in Section 5, and any estimated amount of utilities as set forth in Section 6, shall be payable to Landlord in advance on or before the first day of each month of the Term. If the Fixed Rent Start Date is not the first day of a calendar month, then the Fixed Rent due for the partial month commencing on the Fixed Rent Start Date shall be prorated based on the number of days in such month. All Rent payments shall be made by electronic funds transfer as follows (or as otherwise directed in writing by Landlord to Tenant from time to time): (i) ACH debit of funds, provided Tenant shall first complete Landlord's then-current forms authorizing Landlord to automatically debit Tenant's bank account; or (ii) ACH credit of immediately available funds to an account designated by Landlord. "ACH" means Automated Clearing House network or similar system designated by Landlord. All Rent payments shall include the Building number and the Lease number, which numbers will be provided to Tenant in the COLT.

(b) Contemporaneously with Tenant's delivery of this Lease, Tenant shall pay to Landlord: (i) the monthly Fixed Rent and monthly amount of Estimated Operating Expenses for the first full calendar month after the Abatement Period; and (ii) the Security Deposit. No interest shall be paid to Tenant on the Security Deposit, and Landlord shall have the right to commingle the Security Deposit with other funds of Landlord. If Tenant fails to perform any of its obligations under this Lease beyond any applicable notice and cure periods contained herein, Landlord may use, apply or retain the whole or any part of the Security Deposit for the payment of: (A) any rent or other sums that Tenant has not paid when due; (B) any sum expended by Landlord in accordance with the provisions of this Lease; and/or (C) any sum that Landlord expends or is required to expend in connection with an Event of Default (as defined in Section 17). Landlord's use of the Security Deposit shall not prevent Landlord from exercising any other remedy available to Landlord under this Lease, at law or in equity and shall not operate as either liquidated damages or as a limitation on any recovery to which Landlord may otherwise be entitled. If any portion of the Security Deposit is used, applied, or retained by Landlord, Tenant shall, within 10 days after the written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall return the Security Deposit or the balance thereof (as applicable) to Tenant no later than 1 month after the later of the Expiration Date, Tenant's surrender of possession of the Premises to Landlord in the condition required under this Lease, Tenant's payment of all outstanding Rent, and Landlord's receipt of written notice from Tenant of its forwarding address. Upon the return of the Security Deposit or the balance thereof (as applicable) to Tenant, Landlord shall be completely relieved of liability with respect to the Security Deposit. If the originally named Tenant has assigned this Lease, Landlord may return the Security Deposit or the balance thereof (as applicable) to the current Tenant unless Landlord receives reasonably satisfactory evidence of the originally named Tenant's right to receive the Security Deposit. If Landlord conveys ownership of the Building and Landlord delivers the Security Deposit to the transferee, Landlord shall thereupon be released from all liability for the return of such Security Deposit and Tenant shall look solely to the transferee for the return of the Security Deposit. In addition to the foregoing, if Tenant defaults more than once in the performance of its monetary obligations under this Lease (and regardless of whether Tenant has cured such default during or after any applicable notice and/or cure period) and the aggregate amount of such monetary defaults is in excess of four months of the then-applicable Monthly Installment of Fixed Rent, then Landlord may require Tenant to increase the Security Deposit to the greater of 2 times the: (A) monthly Fixed Rent; or (B) initial amount of the Security Deposit.

(c) If Landlord does not receive the full payment from Tenant of any Rent within three (3) business days of when due under this Lease, Tenant shall also pay to Landlord as Additional Rent a late fee in the amount of 5% of such overdue amount. Notwithstanding the foregoing, upon Tenant's written request, Landlord

shall waive the above-referenced late fee 1 time during any 12 consecutive months of the Term provided Tenant makes the required payment within 3 business days after receipt of notice of such late payment. With respect to any Rent payment (whether it be by check, ACH/wire, or other method) that is returned unpaid for any reason, Landlord shall have the right to assess a fee to Tenant as Additional Rent, which fee is currently $40.00 per returned payment.

(d) As a condition precedent to the effectiveness of this Lease and as security for the prompt and complete performance by Tenant of each and every provision of this Lease and all obligations of Tenant hereunder, monetary and nonmonetary, Tenant shall deliver to Landlord, contemporaneously with the delivery of this Lease, an irrevocable, automatically renewing, and unconditional standby letter of credit issued by LOC Bank (as defined below) in the face amount of the Security Amount, subject to Section 4(e), which shall be in the form attached as Exhibit E or otherwise in form acceptable to Landlord ("LOC"). The "Security Amount" means, initially, $2,430,000.00. The LOC is in addition to the Security Deposit. The LOC shall provide, *inter alia*, as follows: (i) the LOC shall be automatically renewing for the duration of the Term plus the subsequent 2 months with a minimum of three months' prior written notice from LOC Bank to Landlord to exercise an early termination right by LOC Bank; (ii) the LOC shall be fully transferrable to any successor or assignee of Landlord at no cost to Landlord and no cost to any such successor or assignee of Landlord; (iii) any draw or transfer of the LOC shall be permitted by overnight delivery to LOC Bank and shall not require a representative of Landlord to be present at such presentation or delivery to LOC Bank; (iv) any draws or transfers of the LOC shall only require signature by an authorized representative of Landlord as notarized by a notary public in the state in which Landlord's authorized representative is located at the time of such signature, and Landlord shall provide a certificate that such representative is authorized to make such draw or transfer demand certified by the Secretary of Landlord or Landlord's parent (or such Secretary's designee or any general partner or member of Landlord); and (v) in no event shall any draw or transfer demand require a signature authentication of Landlord's signatory by Landlord's bank or any other authenticating organization (other than a public notary as provided in subsection (iv) above). Notwithstanding the foregoing requirements with respect to the LOC, any fee required to be paid in connection with any transfer of the LOC by Landlord to any successor or assignee shall be paid by Tenant within 30 days after receipt of invoice from Landlord. Tenant acknowledges and agrees that the LOC shall constitute an independent contract between the LOC Bank and Landlord, and the proceeds of any draws by Landlord under the LOC shall not constitute property of Tenant as debtor in any bankruptcy proceeding. The proceeds of the LOC shall be held or applied by Landlord in its sole discretion, and the receipt by Landlord of proceeds of the LOC under one or more draws hereunder shall not relieve Tenant of any obligations to make installment or other payments of Rent under this Lease, or otherwise discharge or release or relieve Tenant of compliance or performance of any terms and conditions under this Lease. The delivery of the LOC and/or exercise by Landlord of its rights under such LOC shall not constitute liquidated damages or otherwise release, waive, or estop Landlord from asserting any and all claims, or exercising any and all rights and remedies Landlord has or may have with the passage of time under this Lease and applicable Law. The LOC shall expressly provide that Landlord (and/or its successors and assigns) is entitled to make one or more draws from time to time under the LOC, in whole or in part, and Landlord shall have such right under this Lease, upon delivery of a written statement to the issuer of the LOC that one or more of the following events has occurred: (A) an Event of Default by Tenant has occurred and is uncured under the Lease; (B) Tenant has failed to provide a replacement LOC, in form and substance reasonably acceptable to Landlord, at least 60 days prior to the expiration of the existing LOC; or (C) Tenant has failed to cause the delivery to Landlord of an amendment to the LOC, in form and substance reasonably acceptable to Landlord, extending the LOC for the duration of the Term plus the subsequent 2 months. Tenant shall procure the issuance of a replacement or amended LOC concurrently with any assignment of this Lease by Tenant, or the vesting of this Lease in Tenant as a reorganized debtor or other successor emerging from bankruptcy, so as to assure the continued ability of Landlord to draw under the LOC as contemplated herein. The use of the LOC by Landlord shall not prevent Landlord from exercising any other remedy provided by this Lease or by law and shall not operate as either liquidated damages or as a limitation on any recovery to which Landlord may otherwise be entitled. Landlord shall return the LOC to the issuer thereof within 30 days after the later of the Expiration Date, Tenant's surrender of possession of the Premises to Landlord in the condition required under this Lease, and Tenant's payment of all outstanding Rent. If the LOC is drawn on by Landlord, Tenant shall, within 10 days after the written demand therefor is made by Landlord, restore the LOC to the then-current principal amount. Tenant shall procure the issuance of a replacement or amended LOC concurrently with any assignment of this Lease by Tenant or the vesting of this Lease in Tenant as a reorganized debtor or other successor emerging from bankruptcy, so as to assure the continued ability of Landlord to draw under the LOC as contemplated herein. Notwithstanding anything to the contrary in this Lease, it shall be an automatic Event of Default if at any time during the Term there is no valid LOC. If Landlord has reason to believe that the

LOC Bank or any successor to such institution, including the FDIC, would not fully honor such LOC, Landlord may require Tenant to replace the LOC with a cash security deposit in the same amount as the face amount of the LOC which Landlord may commingle with other Landlord funds and upon which no interest shall be paid. Tenant shall have 5 business days after receipt of a written request from Landlord to replace the LOC with such cash security deposit. Tenant's failure to do so timely shall, notwithstanding anything else in this Lease to the contrary, constitute an Event of Default for which there shall be no notice or grace or cure periods being applicable thereto other than such 5 business-day period. In addition to Landlord's other remedies, Landlord shall have the right under such circumstances to immediately, and without further notice to Tenant, present a draw under the LOC for payment and to hold the proceeds thereof as a cash deposit. For purposes herein, the "LOC Bank" means a bank or financial institution: (a) the deposits of which are insured by the Federal Deposit Insurance Corporation; (b) whose long-term, unsecured and unsubordinated debt obligations are rated in the highest category by at least 2 of Fitch Ratings Ltd., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services or their respective successors ("Rating Agencies"); (c) which has a short term deposit rating in the highest category from at least 2 Rating Agencies; (d) which has offices within 20 miles of Landlord's corporate headquarters which accept overnight deliveries by nationally recognized overnight courier service (*e.g.*, Federal Express); and (e) is otherwise acceptable to Landlord in Landlord's sole discretion and continues to be acceptable to Landlord for the duration of the Term plus the subsequent 2 months.

(e) Upon Tenant's written notice to Landlord at any time after expiration of the 34th full calendar month after the Commencement Date and provided there have been no defaults by Tenant under this Lease up to the date of such notice, the Security Amount shall automatically decrease to $1,620,000.00, and Landlord shall promptly return to Tenant the then-existing Letter of Credit held by Landlord in exchange for a new Letter of Credit for $1,620,000.00. Upon Tenant's written notice to Landlord at any time after expiration of the 51st full calendar month after the Commencement Date and provided there have been no defaults by Tenant under this Lease up to the date of such notice, the Security Amount shall automatically decrease to $810,000.00, and Landlord shall promptly return to Tenant the then-existing Letter of Credit held by Landlord in exchange for a new Letter of Credit for $810,000.00.

5. OPERATING EXPENSES.

(a) Certain Definitions.

(i) "Operating Expenses" means collectively Project Expenses and Taxes.

(ii) "Project Expenses" means all costs and expenses paid, incurred, or accrued by Landlord in connection with the maintenance, operation, repair, and replacement of the Project including, without limitation: a management fee not to exceed 5% of gross rents and revenues from the Project; all actual costs for the removal of snow and ice from the Project; property management office rent; fitness center rent and operating costs; security measures; all costs associated with janitorial services, trash and garbage removal, recycling, cleaning, and sanitizing the Building; capital expenditures, repairs, and replacements, but only to the extent the same are incurred in an effort to comply with Laws or reasonably expected to reduce normal operating costs of the Project, as amortized using a commercially reasonable interest rate over the useful life of the improvement as reasonably determined by Landlord; valet, concierge, and card-access parking system costs; all insurance premiums and deductibles paid or payable by Landlord with respect to the Project; and the cost of providing those services required to be furnished by Landlord under this Lease. Notwithstanding the foregoing, "Project Expenses" shall not include any of the following: (A) repairs or other work occasioned by fire, windstorm or other insured casualty or by the exercise of the right of eminent domain to the extent Landlord actually receives insurance proceeds or condemnation awards therefor or would have been received had Landlord maintained the applicable insurance required under this Lease; (B) leasing commissions, accountants', consultants', auditors or attorneys' fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with other tenants or prospective tenants or other occupants, or associated with the enforcement of any other leases or the defense of Landlord's title to or interest in the real property or any part thereof; (C) costs incurred by Landlord in connection with the original construction of the Building and related facilities; (D) costs (including permit, licenses and inspection fees) incurred in renovating or otherwise improving or decorating, painting, or redecorating leased space for other tenants or other occupants or vacant space; (E) interest on debt or amortization payments on any mortgage or deeds of trust or any other borrowings and any ground rent; (F) any compensation paid to clerks, attendants or other persons in commercial

concessions operated by Landlord; (G) any fines or fees for Landlord's failure to comply with Laws; (H) legal, accounting and other expenses related to Landlord's financing, refinancing, mortgaging or selling the Building or the Project; (I) any increase in an insurance premium caused by the non-general office use, occupancy or act of another tenant; (J) costs for sculpture, decorations, painting or other objects of art in excess of amounts typically spent for such items in office buildings of comparable quality in the competitive area of the Building; (K) cost of any political, charitable or civic contribution or donation; (L) reserves for repairs, maintenance and replacements; (M) Taxes; (N) cost of utilities directly metered or submetered to Building tenants and paid separately by such tenants; (O) fines, interest, penalties or liens arising by reason of Landlord's failure to pay any Project Expenses when due, except that Project Expenses shall include interest or similar charges if the collecting authority permits such Project Expenses to be paid in installments with interest thereon, such payments are not considered overdue by such authority and Landlord pays the Project Expenses in such installments; (P) costs and expenses associated with hazardous waste or hazardous substances not generated or brought to the Project by Tenant or its agents including but not limited to the cleanup of such hazardous waste or hazardous substances and the costs of any litigation (including, but not limited to attorneys' fees) arising out of the discovery of such hazardous waste or hazardous substances; (Q) the portion of any wages, salaries, fees, or fringe benefits paid to personnel above the level of regional property manager, not related directly to the operation, management, or repair of the Project; (R) costs of extraordinary services provided to other tenants of the Building or services to which Tenant is not entitled (including, without limitation, costs specially billed to and paid by specific tenants); (S) all costs relating to activities for the solicitation and execution of leases of space in the Building, including legal fees, real estate brokers' commissions, expenses, fees, and advertising, moving expenses, design fees, rental concessions, rental credits, tenant improvement allowances, lease assumptions or any other cost and expenses incurred in the connection with the leasing of any space in the Building; (T) costs representing an amount paid to an affiliate of Landlord (exclusive of any management fee permitted under the Operating Expense inclusions) to the extent in excess of market rates for comparable services if rendered by unrelated third parties; (U) costs arising from Landlord's default under this Lease or any other lease for space in the Building or under any loan documents or other agreements related to the Project; (V) costs of selling the Project or any portion thereof or interest therein; (W) costs or expenses arising from the negligence of Landlord, its agents or employees; (X) costs incurred to remedy, repair or otherwise correct violations of Laws that exist on the Commencement Date; or (Y) ground rents or rentals payable by Landlord pursuant to any over-lease. Landlord shall not collect or be entitled to collect Project Expenses from all of its tenants an amount in excess of 100% of the Project Expenses actually incurred by Landlord.

(iii) "Taxes" means all taxes, assessments, and other governmental charges, including without limitation business improvement district charges, improvement contributions paid to business improvement districts or similar organizations, and special assessments for public improvements or traffic districts that are levied or assessed against the Project during the Term or, if levied or assessed prior to the Term, are properly allocable to the Term, business property operating license charges, and real estate tax appeal expenditures incurred by Landlord. Taxes shall not include: (i) any inheritance, estate, succession, transfer, gift, franchise, corporation, net income or profit tax or capital levy that is or may be imposed upon Landlord; or (ii) any transfer tax or recording charge resulting from a transfer of the Building or the Project; provided, however, if at any time during the Term the method of taxation prevailing at the commencement of the Term shall be altered such that in lieu of or as a substitute in whole or in part for any Taxes now levied, assessed or imposed on real estate there shall be levied, assessed or imposed: (A) a tax on the rents received from such real estate; or (B) a license fee measured by the rents receivable by Landlord from the Premises or any portion thereof; or (C) a tax or license fee imposed upon Premises or any portion thereof, then the same shall be included in Taxes. Tenant may not file or participate in any Tax appeals for any tax lot in the Project. "Taxes" shall specifically include the "margin tax" imposed by Chapter 171 of the Texas Tax Code, as the same may be amended or modified from time to time, together with any binding rules or regulations promulgated from time to time by the Comptroller of the State of Texas or other governmental body in connection with Chapter 171 of the Texas Tax Code, and the parties acknowledge and agree that the "margin tax" is a tax in lieu of real property taxes.

(iv) "Tenant's Share" means the rentable square footage of the Premises divided by the rentable square footage of the Building on the date of calculation, which on the date of this Lease is stipulated to be 14.91%. Tenant's Share will change during the Term if the rentable square footage of the Premises and/or the Building changes.

(b) Commencing on the Commencement Date and continuing thereafter during the Term,

Tenant shall pay to Landlord in advance on a monthly basis, payable pursuant to Section 5(c) below, Tenant's Share of Operating Expenses. To the extent that any Operating Expenses are incurred by Landlord (or Landlord's affiliate(s)) for multiple buildings or uses, Landlord shall allocate such Operating Expenses to the Building on a commercially reasonable basis.

(c) For each calendar year (or portion thereof) for which Tenant has an obligation to pay any Operating Expenses, Landlord shall send to Tenant a statement of the monthly amount of projected Operating Expenses due from Tenant for such calendar year ("Estimated Operating Expenses"), and Tenant shall pay to Landlord such monthly amount of Estimated Operating Expenses as provided in Section 5(b), without further notice, demand, setoff, deduction, or counterclaim. As soon as administratively available after each calendar year but no later than one hundred eighty (180) days thereafter, Landlord shall send to Tenant a reconciliation statement of the actual Operating Expenses for the prior calendar year ("Reconciliation Statement"). If the amount actually paid by Tenant as Estimated Operating Expenses exceeds the amount due per the Reconciliation Statement, Tenant shall receive a credit in an amount equal to the overpayment, which credit shall be applied towards future Rent until fully credited. If the credit exceeds the aggregate future Rent owed by Tenant, and there is no Event of Default, Landlord shall pay the excess amount to Tenant within 30 days after delivery of the Reconciliation Statement. If Landlord has undercharged Tenant, then Landlord shall send Tenant an invoice setting forth the additional amount due, which amount shall be paid in full by Tenant within 30 days after receipt of such invoice. Tenant's obligations under this Section shall survive the Expiration Date.

(d) If, during the Term, less than 95% of the rentable area of the Building is or was occupied by tenants, Project Expenses and Project Utility Costs shall be deemed for such year to be an amount equal to the costs that would have been incurred had the occupancy of the Building been at least 95% throughout such year, as reasonably determined by Landlord and taking into account that certain expenses fluctuate with the Building's occupancy level and certain expenses do not so fluctuate. In addition, if Landlord is not obligated or otherwise does not offer to furnish an item or a service to a particular tenant or portion of the Building (*e.g.*, if a tenant separately contracts with an office cleaning firm to clean such tenant's premises) and the cost of such item or service would otherwise be included in Project Expenses and/or Project Utility Costs, Landlord shall equitably adjust the Project Expenses or Project Utility Costs so the cost of the item or service is shared only by tenants actually receiving such item or service. All payment calculations under this Section shall be prorated for any partial calendar years during the Term and all calculations shall be based upon Project Expenses and Project Utility Costs as grossed-up in accordance with the terms of this Lease.

(e) If Landlord or any affiliate of Landlord has elected to qualify as a real estate investment trust ("REIT"), any service required or permitted to be performed by Landlord pursuant to this Lease, the charge or cost of which may be treated as impermissible tenant service income under the laws governing a REIT, may be performed by an independent contractor of Landlord, Landlord's property manager, or a taxable REIT subsidiary that is affiliated with either Landlord or Landlord's property manager (each, a "Service Provider"). If Tenant is subject to a charge under this Lease for any such service, then at Landlord's direction Tenant shall pay the charge for such service either to Landlord for further payment to the Service Provider or directly to the Service Provider and, in either case: (a) Landlord shall credit such payment against any charge for such service made by Landlord to Tenant under this Lease; and (b) Tenant's payment of the Service Provider shall not relieve Landlord from any obligation under this Lease concerning the provisions of such services.

(f) Provided there is no Event of Default exists by Tenant under this Lease, Tenant shall have the right, at its sole cost and expense (subject to the terms of this section), to cause Landlord's records related to a Reconciliation Statement to be audited provided: (i) Tenant provides notice of its intent to audit such Reconciliation Statement within 2 months after receipt of the Reconciliation Statement; (ii) the audit is performed by a certified public accountant that has not been retained on a contingency basis or other basis where its compensation relates to the cost savings of Tenant; (iii) any such audit may not occur more frequently than once during each 12-month period of the Term, nor apply to any year prior to the year of the then-current Reconciliation Statement being reviewed; (iv) the audit is completed within 2 months after the date that Landlord makes all of the necessary and applicable records available to Tenant or Tenant's auditor; (v) the contents of Landlord's records shall be kept confidential by Tenant, its auditor, and its other professional advisors, other than as required by applicable Law; and (vi) if Tenant's auditor determines that an overpayment is due Tenant, Tenant's auditor shall produce a detailed report addressed to both Landlord and Tenant, which report shall be delivered within 30 days after Tenant's

auditor's completion of the audit. During completion of Tenant's audit, Tenant shall nonetheless timely pay all of Tenant's Share of Operating Expenses without setoff or deduction. If Tenant's audit report discloses any discrepancy, Landlord and Tenant shall use good faith efforts to resolve the dispute. If the parties are unable to reach agreement within 20 days after Landlord's receipt of the audit report, then within 10 days of the expiration of said 20-day period, Tenant shall have the right to refer the matter to a mutually acceptable independent certified public accountant, who shall work in good faith with Landlord and Tenant to resolve the discrepancy; provided if Tenant does not do so within such 10-day period, Landlord's calculations and the Reconciliation Statement at issue shall be deemed final and accepted by Tenant. The fees and costs of such independent accountant to which such dispute is referred shall be borne by the unsuccessful party and shall be shared pro rata to the extent each party is unsuccessful as determined by such independent certified public accountant, whose decision shall be final and binding. In addition, if said accountant determines that Tenant's auditor's determination is accurate and it is determined Tenant was overcharged by more than 5%, Landlord shall reimburse Tenant the actual, reasonable hourly costs of Tenant's audit (including reasonable legal and accounting costs), but in no event shall such amount exceed $5,000.00. Within 30 days after resolution of the dispute, whether by agreement of the parties or a final decision of an independent accountant, Landlord shall pay or credit to Tenant, or Tenant shall pay to Landlord, as the case may be, all unpaid Operating Expenses due and owing.

6. UTILITIES.

(a) Commencing on the Commencement Date, and continuing throughout the Term, Tenant shall pay for utility services as follows without setoff, deduction, or counterclaim: (i) Tenant shall pay directly to the applicable utility service provider for any utilities that are separately metered to the Premises; (ii) Tenant shall pay Landlord for any utilities that are separately submetered to the Premises based upon Tenant's submetered usage, as well as for any maintenance and replacement costs associated with such submeters; (iii) Tenant shall pay Landlord for its proportionate share of any utilities serving the Premises that are not separately metered or submetered based upon its share of the area served by the applicable meter or submeter; and (iv) Tenant shall pay Landlord for Tenant's Share of all utilities serving the Project, excluding the costs of utilities that are directly metered or submetered to Building tenants or paid separately by such tenants ("Project Utility Costs"). As of the date hereof, to Landlord's actual knowledge, but without prejudice to Landlord's right to make modifications from time to time:

- Electric for the lights and plugs of the Premises, and electric for HVAC serving the Premises, are paid per proportionate share.

Notwithstanding anything to the contrary in this Lease, Landlord shall have the right to install meters, submeters, or other energy-reducing systems in the Premises at any time to measure any or all utilities serving the Premises, the costs of which shall be included in Project Expenses. For those utilities set forth in subsections (ii) – (iv) above, Landlord shall have the right to either invoice Tenant for such utilities separately as Additional Rent, or include such utilities in amounts due as Operating Expenses. Landlord shall have the right to estimate the utility charge, which estimated amount shall be payable to Landlord within 30 days after receipt of an invoice therefor and may be included along with the invoice for Project Expenses, provided Landlord shall be required to reconcile on an annual basis based on utility invoices received for such period. The cost of utilities payable by Tenant under this Section shall include all applicable taxes and Landlord's then-current charges for reading the applicable meters, provided Landlord shall have the right to engage a third party to read the submeters, and Tenant shall reimburse Landlord for both the utilities consumed as evidenced by the meters plus the actual costs for reading the meters within 30 days after receipt of an invoice therefor. Tenant shall pay such rates as Landlord may establish from time to time, which shall not be in excess of any applicable rates chargeable by Law, or in excess of the general service rate or other such rate that would apply to Tenant's consumption if charged by the utility or municipality serving the Building or general area in which the Building is located. If Tenant fails to pay timely any direct-metered utility charges from the applicable utility provider, Landlord shall have the right but not the obligation to pay such charges on Tenant's behalf and bill Tenant for such costs plus the Administrative Fee (as defined in Section 17), which amount shall be payable to Landlord as Additional Rent within 30 days after receipt of an invoice therefor.

(b) For any separately metered utilities, Landlord is hereby authorized to request and obtain, on behalf of Tenant, Tenant's utility consumption data from the applicable utility provider for informational purposes and to enable Landlord to obtain full building Energy Star scoring for the Building. Landlord shall have the right to shut down the Building systems (including electricity and HVAC systems) for required maintenance, safety

inspections, or any other reason, including without limitation in cases of emergency; provided, except in cases of emergency, for which no prior notice shall be required, Landlord shall provide written notice to Tenant at least 3 business days' prior to any such shutdown. Notwithstanding the immediately preceding sentence, Landlord shall have no right to shutdown Tenant's Supplemental HVAC (defined below) without Tenant's prior written approval, except in cases of emergency to prevent or mitigate injury to individuals or damage to property. Landlord shall not be liable for any interruption in providing any utility that Landlord is obligated to provide under this Lease, unless such interruption or delay: (i) renders the Premises or any material portion thereof untenantable for the normal conduct of Tenant's business at the Premises, and Tenant has ceased using such untenantable portion, provided Tenant shall first endeavor to use any generator that serves the Premises or of which Tenant has the beneficial use; (ii) results from Landlord's negligence or willful misconduct; and (iii) extends for a period longer than 7 consecutive days, in which case, Tenant's obligation to pay Fixed Rent shall be abated with respect to the untenantable portion of the Premises that Tenant has ceased using for the period beginning on the 8th consecutive day after such conditions are met and ending on the earlier of: (A) the date Tenant recommences using the Premises or the applicable portion thereof; or (B) the date on which the service(s) is substantially restored. The rental abatement described above shall be Tenant's sole remedy in the event of a utility interruption, and Tenant hereby waives any other rights against Landlord in connection therewith. Landlord shall have the right to change the utility providers to the Project at any time. In the event of a casualty or condemnation affecting the Building and/or the Premises, the terms of Sections 14 and 15, respectively, shall control over the provisions of this Section.

(c) Subject to Section 31 below, Tenant, at its sole cost, shall install a supplemental heating, ventilation, and air conditioning ("HVAC") system serving the laboratory and vivarium portions of the Premises ("Tenant's Supplemental HVAC") on the roof of the Building. If Landlord reasonably determines that: (i) Tenant exceeds the design conditions for the HVAC system serving the office portion of the Premises, introduces into the Premises equipment that overloads such system, or causes such system to not adequately perform its proper functions; or (ii) the heavy concentration of personnel, motors, machines, or equipment used in the office portion of the Premises, including telephone and computer equipment, or any other condition in the Premises caused by Tenant (for example, more than one shift per day or 24-hour use of the Premises), adversely affects the temperature or humidity otherwise maintained by such system, then Landlord shall notify Tenant in writing and Tenant shall have 10 days to remedy the situation to Landlord's reasonable satisfaction. If Tenant fails to timely remedy the situation to Landlord's reasonable satisfaction, Landlord shall have the right to install one or more supplemental air conditioning units serving the office portion of the Premises with the cost thereof, including the cost of installation, operation and maintenance, being payable by Tenant to Landlord within 30 days after Landlord's written demand. Tenant shall not change or adjust any closed or sealed thermostat or other element of the HVAC system serving the office portion of the Premises without Landlord's express prior written consent. Landlord may install and operate meters or any other reasonable system for monitoring or estimating any services or utilities used by Tenant in excess of those required to be provided by Landlord (including a system for Landlord's engineer reasonably to estimate any such excess usage). If such system indicates such excess services or utilities used by Tenant, Tenant shall pay Landlord's reasonable charges for installing and operating such system and any supplementary air conditioning, ventilation, heat, electrical, or other systems or equipment (or adjustments or modifications to the existing Building systems and equipment), and the actual charges incurred by Landlord as a result of such excess services or utilities used by Tenant. All supplemental HVAC systems and equipment serving the Premises (including without limitation Tenant's Supplemental HVAC) shall be separately metered to the Premises at Tenant's cost, and Tenant shall be solely responsible for all electricity registered by, and the maintenance and replacement of, such meters. Landlord has no obligation to keep cool any of Tenant's information technology equipment that is placed together in one room, on a rack, or in any similar manner ("IT Equipment"), and Tenant waives any claim against Landlord in connection with Tenant's IT Equipment. Landlord shall have the option to require that the computer room and/or information technology closet in the Premises shall be separately submetered at Tenant's expense, and Tenant shall pay Landlord for all electricity registered in such submeter. Within 1 month after written request, Tenant shall provide to Landlord electrical load information reasonably requested by Landlord with respect to any computer room and/or information technology closet in the Premises.

(d) Subject to Section 32 below, Tenant shall be entitled, at its sole cost, to install a back-up generator serving the Premises.

7. LANDLORD SERVICES

(a) Subject to Tenant's payment of Operating Expenses under Section 5 and utilities under Section 6, Landlord shall provide the following to the Premises during the Term: (i) HVAC service in the respective seasons during Business Hours; provided HVAC service to the Premises on Saturdays and Sundays will be provided only upon Tenant's prior request to Landlord received no later than noon on the preceding business day (such requests shall be made online (currently such requests shall be made via http://etenants.com/); (ii) electricity for lighting and standard office equipment for comparable buildings in the market in which the Project is located; (iii) water, sewer, and, to the extent applicable to the Building, gas, oil, and steam service; and (iv) cleaning services. Tenant, at Tenant's expense, shall make arrangements with the applicable utility companies and public bodies to provide, in Tenant's name, telephone, cable, and any other utility service not provided by Landlord that Tenant desires at the Premises.

(b) Landlord shall not be obligated to furnish any services, supplies, or utilities other than as set forth in this Lease; provided, however, upon Tenant's prior request sent in accordance with Section 25(p) below, Landlord may furnish additional services, supplies, or utilities, in which case Tenant shall pay to Landlord, immediately upon demand, Landlord's then-current charge for such additional services, supplies, or utilities, or Tenant's pro rata share thereof, if applicable, as reasonably determined by Landlord. Landlord's current rate for HVAC service outside of Business Hours requested with at least 24 hours' prior notice (or by noon for weekend service) is $27.00 per hour, per zone, with a 2-hour minimum if the service does not commence immediately following the end of a day's Business Hours.

8. USE; SIGNS; PARKING; COMMON AREAS.

(a) Tenant shall use the Premises for general office purposes and laboratory purposes, and related storage, research, pre-clinical and clinical studies, development, commercialization and manufacturing activities, and for no other purpose ("Permitted Use"). Landlord acknowledges that Tenant is a biopharmaceutical company and Tenant shall be permitted to conduct certain research and development activities on the Premises, including working with biological substances and conducting certain testing on small animals (e.g., mice and rats) for research and development purposes involving materials or products produced or used by Tenant. Notwithstanding anything to the contrary in this Lease, Tenant's use of the Premises for the Permitted Use shall be subject to all applicable Laws and to all reasonable requirements of the insurers of the Building. Tenant represents and warrants to Landlord, for informational purposes only, that Tenant's current NAICS Code is set forth in Section 1 hereof, provided the foregoing shall not be construed in any manner as a restriction on the Permitted Use.

(b) Landlord shall provide Tenant with Building-standard identification signage on all Building lobby directories and at the main entrance to the Premises, the costs of which shall be paid for by Landlord for the originally named Tenant, otherwise by Tenant as Additional Rent within 10 days after written demand. Provided all of the Signage Conditions are fully satisfied, the originally named Tenant shall have the nonexclusive right to cause Landlord, exercisable by the delivery of written notice from Tenant to Landlord within the first 12 months after the Commencement Date, to install a panel sign ("Panel") on the existing monument sign of the Building (to the extent it exists) ("Monument Sign"), subject to satisfaction of all of the following terms and conditions: (i) the size and location and Tenant's specifications and design of the Panel shall be subject to Landlord's prior written consent and generally consistent with the aesthetic standards of the Building; (ii) Landlord shall obtain the Panel on Tenant's behalf, at Tenant's sole cost and expense; (iii) Landlord shall install the Panel, at Tenant's sole and expense; (iv) Landlord shall maintain and repair the Monument Sign, the costs of which shall be proportionately paid by the tenants having panel signs on such Monument Sign; (v) Landlord shall maintain and repair the Panel, at Tenant's sole cost and expense; (vi) if the Monument Sign is illuminated, Tenant shall pay its proportionate share of the costs of such illumination (equitably allocated in Landlord's reasonable determination); and (vii) if the Panel requires replacement, such replacement shall be at Tenant's sole cost and expense. The "Signage Conditions" are that: (a) the originally named Tenant is occupying and paying full Rent on at least 80% of the rentable area of the original Premises; (b) no Event of Default exists; and (c) this Lease is in full force and effect. Prior to the Surrender Date (as defined in Section 18(a)), or immediately upon any of the Signage Conditions no longer being satisfied, Landlord shall have the right, at Tenant's sole cost and expense, to remove the Panel and repair and restore the Monument Sign to its prior existing condition. With respect to clause (i) above, Landlord's determination and selection of the size, location, specifications, and design of the Panel may take into account the necessity to reserve or reallocate space for signage for existing and future tenants of the Building and in furtherance of the foregoing, Landlord shall have the right to require that the Panel be replaced with a Panel of a different size,

configuration, or design, from time to time, and the Panel's placement on the Monument Sign may be relocated on such sign by Landlord, from time to time, at Landlord's sole costs and expense. Tenant shall pay Landlord for any costs due under this paragraph either, at Landlord's election, as part of the Additional Rent or within 30 days after receipt of Landlord's invoice therefor. Except as expressly set forth otherwise in this Lease, Tenant shall not place, erect, or maintain any signs at the Premises, the Building, or the Project that are visible from outside of the Premises.

(c) Subject to the Building rules and regulations, Tenant shall have the nonexclusive right in common with others to use: (i) the paved driveways and walkways at the Project for vehicular and pedestrian access to the Building; (ii) Common Areas; and (iii) the parking facilities at the Project for parking standard-size automobiles of Tenant and its employees and business visitors, with Tenant being entitled to parking at a ratio of no more than 4 per 1,000 square feet of rentable area of the Premises. Tenant shall have use of 5 of reserved parking spaces in a location(s) agreed by Landlord and Tenant; provided, however, Landlord shall have no obligation to monitor or patrol such reserved parking spaces. Landlord shall have the option of relocating the reserved parking spaces, from time to time, by delivery of written notice to Tenant provided the relocated parking spaces are substantially as accessible to the Premises as the originally granted spaces.

(d) Landlord shall have the right in its sole discretion to, from time to time, construct, maintain, operate, repair, close, limit, take out of service, alter, change, and modify all or any part of the Common Areas provided Tenant shall at all times during any such activities have access to, and use of, the Premises. Landlord, Landlord's agents, contractors, and utility service providers shall have the right to install, use, and maintain ducts, pipes, wiring and conduits in and through the Premises provided such use does not cause the usable area of the Premises to be reduced beyond a de minimis amount.

(e) Subject to Landlord's security measures and Force Majeure Events (as defined in Section 25(g)), Landlord shall provide Tenant with access to the Building and, if applicable, passenger elevator service for use in common with others for access to and from the Premises 24 hours per day, 7 days per week, except during emergencies. Tenant shall have the right to install its own security system at its sole cost and expense, subject to the terms and provisions of Section 9. Landlord shall have the right to limit the number of elevators (if any) to be operated during repairs and during non-Business Hours. If applicable, Landlord shall provide Tenant with access to the freight elevator(s) of the Building from time to time following receipt of Tenant's prior request, and Tenant shall pay Landlord's then-current charge for use of such freight elevators.

9. TENANT'S ALTERATIONS. Tenant shall not cut, drill into, or secure any fixture, apparatus, or equipment, or make alterations, improvements, or physical additions of any kind to any part of the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. All Alterations shall be completed in compliance with all applicable Laws and Landlord's rules and regulations for construction, and sustainable guidelines and procedures. Notwithstanding the foregoing, Landlord's consent shall not be required for any Alteration costing less than $30,000.00 and that: (i) is nonstructural; (ii) does not impact any of the Building systems, involve electrical or drywall work, require a building permit, or materially affect the air quality in the Building; and (iii) is not visible from outside of the Premises. Tenant shall be solely responsible for the installation and maintenance of its data, telecommunication, and security systems and wiring at the Premises, which shall be done in compliance with all applicable Laws and Landlord's rules and regulations. With respect to all improvements and Alterations made after the date hereof, other than those made by Landlord pursuant to the express provisions of this Lease, Tenant acknowledges that: (A) Tenant is not, under any circumstance, acting as the agent of Landlord; (B) Landlord did not cause or request such Alterations to be made; (C) Landlord has not ratified such work; and (D) Landlord did not authorize such Alterations within the meaning of applicable State statutes. Nothing in this Lease or in any consent to the making of Alterations or improvements shall be deemed or construed in any way as constituting a request by Landlord, express or implied, to any contractor, subcontractor, or supplier for the performance of any labor or the furnishing of any materials for the use or benefit of Landlord. Landlord shall be entitled to collect a construction management fee equal to 5% of the cost of the Alterations in connection with Landlord's services in the supervising and review of any Alteration. Tenant shall cause all Alterations to comply with the Encino Trace Tenant Building Standards Agreement Pertaining to Austin Energy Green Building Requirements, a copy of which is attached hereto as Exhibit F.

10. ASSIGNMENT AND SUBLETTING.

(a) Except as expressly permitted pursuant to Section 10(c), neither Tenant nor Tenant's legal representatives or successors-in-interest by operation of law or otherwise, shall sell, assign, transfer, hypothecate, mortgage, encumber, grant concessions or licenses, sublet, or otherwise dispose of all or any interest in this Lease or the Premises, or permit any person or entity other than Tenant to occupy any portion of the Premises (each of the foregoing are a "Transfer" to a "Transferee"), without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Any Transfer undertaken without Landlord's prior written consent (other than pursuant to Section 10(c)) shall constitute an Event of Default and shall, at Landlord's option, be void and/or terminate this Lease. For purposes of this Lease, a Transfer shall include, without limitation, any assignment by operation of law, and any merger, consolidation, or asset sale involving Tenant, any direct or indirect transfer of control of Tenant, and any transfer of a majority of the ownership interests in Tenant. Consent by Landlord to any one Transfer shall be held to apply only to the specific Transfer authorized, and shall not be construed as a waiver of the duty of Tenant, or Tenant's legal representatives or assigns, to obtain from Landlord consent to any other or subsequent Transfers pursuant to the foregoing, or as modifying or limiting the rights of Landlord under the foregoing covenant by Tenant.

(b) Without limiting the bases upon which Landlord may reasonably withhold its consent to a proposed Transfer, it shall not be unreasonable for Landlord to withhold its consent if: (i) the proposed Transferee shall have a net worth that is not acceptable to Landlord in Landlord's reasonable discretion; (ii) the proposed Transferee, in Landlord's reasonable opinion, is not reputable and of good character; (iii) the portion of the Premises requested to be subleased renders the balance of the Premises unleasable as a separate area; (iv) Tenant is proposing to Transfer to an existing tenant of the Building or another property owned by Landlord or Landlord's affiliate(s) in the market of which the Building is a part, or to another prospect with whom Landlord or Landlord' affiliate(s) in then negotiating in the market of which the Building is a part; (v) the proposed assignee or sublessee would cause any of Landlord's existing parking facilities to be reasonably inadequate, or in violation of code requirements, or require Landlord to increase the parking area or the number of parking spaces to meet code requirements; or (vi) the nature of such Transferee's proposed business operation would or might reasonably violate the terms of this Lease or of any other lease for the Building (including any exclusivity provisions), or would, in Landlord's reasonable judgment, otherwise be incompatible with other tenancies in the Building.

(c) Notwithstanding the foregoing, Tenant shall have the right without the prior consent of Landlord, but after at least 15 days' prior written notice to Landlord, to make a Transfer to any Affiliate (as defined below), or an entity into which Tenant merges or that acquires substantially all of the assets or stock of Tenant ("Surviving Entity") (the Surviving Entity or Affiliate are also referred to as a "Permitted Transferee"); provided: (i) Tenant delivers to Landlord the Transfer Information (as defined below); (ii) the Permitted Transferee shall have a tangible net worth at least equal to the greater of the net worth of Tenant on the date of this Lease or on the date of such Transfer; (iii) the originally named Tenant shall not be released or discharged from any liability under this Lease by reason of such Transfer; (iv) the use of the Premises shall not change; and (v) if the Transfer is to an Affiliate, such Transferee shall remain an Affiliate throughout the Term and if such Transferee shall cease being an Affiliate, Tenant shall notify Landlord in writing of such change and such Transfer shall be deemed an Event of Default if Landlord's consent thereto is not given in writing within 10 business days after such notification. An "Affiliate" means a corporation, limited liability company, partnership, or other registered entity, 50% or more of whose equity interest is owned by the same persons or entities owning 50% or more of Tenant's equity interests, a subsidiary, or a parent corporation.

(d) If at any time during the Term Tenant desires to complete a Transfer, Tenant shall give written notice to Landlord of such desire together with the Transfer Information. If: (i) Tenant desires to assign this Lease or to sublease the entire Premises other than pursuant to Section 10(c), Landlord shall have the right to accelerate the Expiration Date so that the Expiration Date shall be the date on which the proposed assignment or sublease would be effective; or (ii) Tenant desires to sublease less than the entire Premises other than to an Affiliate, Landlord shall have the right to accelerate the Expiration Date with respect to the portion of the Premises that Tenant proposes to sublease (and in each case, a pro rata portion of Tenant's parking rights shall also expire on such accelerated Expiration Date). If Landlord elects to accelerate the Expiration Date pursuant to this paragraph, Tenant shall have the right to rescind its request for Landlord's consent to the proposed assignment or sublease by giving written notice of such rescission to Landlord within 10 days after Tenant's receipt of Landlord's acceleration

election notice. If Tenant does not so rescind its request: (A) Tenant shall deliver the Premises or the applicable portion thereof to Landlord in the same condition as Tenant is, by the terms of this Lease, required to deliver the Premises to Landlord upon the Expiration Date; and (B) Fixed Rent and Tenant's Share shall be reduced on a per rentable square foot basis for the area of the Premises that Tenant no longer leases. If Landlord elects to accelerate the Expiration Date for less than the entire Premises, the actual, reasonable cost of erecting any demising walls, entrances, and entrance corridors, and any other improvements required in connection therewith shall be performed by Landlord, with the cost thereof being divided evenly between Landlord and Tenant.

(e) The "Transfer Information" means the following information: (i) a copy of the fully executed assignment and assumption agreement, or sublease agreement, as applicable (with respect to a Permitted Transfer, such agreement to be delivered to Landlord within 10 business days after the transaction closes and with respect to all other Transfers, such agreement shall be provided in draft form and shall not be executed until Landlord's consent has been given); (ii) a copy of the then-current financials of the Transferee (either audited or certified by the chief financial officer of the Transferee); (iii) a copy of the formation certificate and good standing certificate of the Transferee; and (iv) such other reasonably requested information by Landlord needed to confirm or determine Tenant's compliance with the terms and conditions of this Section.

(f) Any sums or other economic consideration received by Tenant as a result of any Transfer (except rental or other payments received that are attributable to the amortization of the cost of leasehold improvements made to the transferred portion of the Premises by Tenant for the Transferee, and other reasonable expenses incident to the Transfer, including standard leasing commissions) whether denominated rentals under the sublease or otherwise, that exceed, in the aggregate, the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Premises subject to such Transfer) shall be divided evenly between Landlord and Tenant, with Landlord's portion being payable to Landlord as Additional Rent without affecting or reducing any other obligation of Tenant hereunder.

(g) Regardless of Landlord's consent to a proposed Transfer, no Transfer shall release Tenant from Tenant's obligations or alter Tenant's primary liability to fully and timely pay all Rent due from time to time under this Lease and to fully and timely perform all of Tenant's other obligations under this Lease, and the originally named Tenant and all assignees shall be jointly and severally liable for all Tenant obligations under this Lease. The acceptance of rental by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. If a Transferee defaults in the performance of any of the terms of this Lease, Landlord may proceed directly against the originally named Tenant without the necessity of exhausting remedies against such Transferee. If there has been a Transfer and an Event of Default occurs, Landlord may collect Rent from the Transferee and apply the net amount collected to the Rent herein reserved; but no such collection shall be deemed a waiver of the provisions of this Section, an acceptance of such Transferee as tenant hereunder or a release of Tenant from further performance of the covenants herein contained.

11. REPAIRS AND MAINTENANCE.

(a) Except with respect to Landlord Repairs (as defined below), Tenant, at Tenant's expense, shall keep and maintain the Premises in good order and condition including promptly making all repairs necessary to keep and maintain such in good order and condition. When used in this Lease, "repairs" shall include repairs and any reasonably necessary replacements. Tenant shall have the option of replacing lights, ballasts, tubes, ceiling tiles, outlets and similar equipment itself or advising Landlord of Tenant's desire to have Landlord make such repairs, in which case Tenant shall pay to Landlord for such repairs at Landlord's then-standard rate. To the extent that Tenant requests that Landlord make any other repairs that are Tenant's obligation to make under this Lease, Landlord may elect to make such repairs on Tenant's behalf, at Tenant's expense, and Tenant shall pay to Landlord such expense along with the Administrative Fee. If an Event of Default then exists, Landlord may elect to require that Tenant prepay the amount of such repair. All repairs made by Landlord or Tenant shall utilize materials and equipment that are at least equal in quality, number, and usefulness to those originally used in constructing the Building and the Premises. Tenant, at Tenant's expense, shall maintain Tenant's Supplemental HVAC and/or Alterations in a clean and safe manner and in proper operating condition throughout the Term and, with respect to Tenant's Supplemental HVAC, under a service contract with a firm and upon such terms as may be reasonably satisfactory to Landlord, including inspection and maintenance on at least a semiannual basis, and provide Landlord with a copy thereof. Within 5 business days after Landlord's written request, Tenant shall provide Landlord with evidence that such

contract is in place. All repairs to the Building and/or the Project made necessary by reason of the installation, maintenance, and operation of Tenant's Supplemental HVAC and Alterations shall be Tenant's expense. In the event of an emergency, such as a burst waterline or act of God, Landlord shall have the right to make repairs for which Tenant is responsible hereunder (at Tenant's cost) without giving Tenant prior notice, but in such case Landlord shall provide notice to Tenant as soon as practicable thereafter, and Landlord shall take commercially reasonable steps to minimize the costs incurred.

(b) Landlord, at Landlord's expense (except to the extent such expenses are includable in Project Expenses), shall make all necessary repairs to: (i) the footings and foundations and the structural elements of the Building; (ii) the roof of the Building; (iii) the HVAC, plumbing, elevators (if any), electric, fire protection and fire alert systems within the Building core from the core to the point of connection for service to the Premises, but specifically excluding Tenant's Supplemental HVAC and Alterations; (iv) the Building exterior; and (v) the Common Areas (collectively, "Landlord Repairs"). Any provision of this Lease to the contrary notwithstanding, any repairs to the Project or any portion thereof made necessary by the negligent or willful act or omission of Tenant or any employee, agent, subtenant, contractor or invitee of Tenant shall be made at Tenant's expense, subject to the waivers set forth in Section 12(c).

(c) The parties agree it is in their mutual best interest that the Building and Premises be operated and maintained in a manner that is environmentally responsible, fiscally prudent, and provides a safe and productive work environment. Accordingly, Tenant shall use commercially reasonable efforts to conduct its operations in the Building and within the Premises to: (1) minimize to the extent reasonably feasible: (i) direct and indirect energy consumption and greenhouse gas emissions; (ii) water consumption; (iii) the amount of material entering the waste stream; and (iv) negative impacts upon the indoor air quality of the Building; and (2) permit the Building to maintain its LEED rating and an Energy Star label, to the extent applicable. Landlord shall use commercially reasonable efforts to operate and maintain the Common Areas of the Building to: (1) minimize to the extent reasonably feasible: (i) direct and indirect energy consumption and greenhouse gas emissions; (ii) water consumption; (iii) the amount of material entering the waste stream; and (iv) negative impacts upon the indoor air quality of the Building; and (2) permit the Building to maintain its LEED rating and an Energy Star label, to the extent applicable, the costs of which shall be included in Project Expenses (except to the extent otherwise not permitted). At all times, Tenant shall comply with the Encino Trace Tenant Building Standards Agreement Pertaining to Austin Energy Green Building Requirements, a copy of which is attached hereto as Exhibit F.

12. INSURANCE; SUBROGATION RIGHTS.

(a) Tenant, at Tenant's expense, shall obtain and keep in force at all times as of the Commencement Date (or Tenant's earlier accessing of the Premises) commercial general liability insurance including contractual liability and personal injury liability and all similar coverage, with combined single limits of $3,000,000 on account of bodily injury to or death of one or more persons as the result of any one accident or disaster and on account of damage to property, or in such other amounts as Landlord may from time to time require. Tenant shall, at its sole cost and expense, maintain in full force and effect a policy of "special form" property insurance on Tenant's Property for full replacement value and with coinsurance waived. "Tenant's Property" means Tenant's trade fixtures, equipment, personal property, and Specialty Alterations (as defined in Section 18(b)). Tenant shall neither have, nor make, any claim against Landlord for any loss or damage to Tenant's Property, regardless of the cause of the loss or damage. Tenant shall require its movers to procure and deliver to Landlord a certificate of insurance naming Landlord as an additional insured. No liability insurance required hereunder shall be subject to cancellation or modification without at least 30 days' prior notice to all insureds, and shall name Tenant as insured, and Landlord, Landlord's property manager, and Brandywine Realty Trust as additional insureds, and, if requested in writing by Landlord, shall also name any mortgagee or holder of any mortgage that may be or become a lien upon any part of the Premises as its interests may appear. Prior to the Commencement Date, Tenant shall provide Landlord with certificates that evidence that all insurance coverages required under this Lease are in place for the policy periods. Tenant shall also furnish to Landlord and/or Landlord's designated agent throughout the Term replacement certificates at least 30 days prior to the expiration dates of the then-current policy or policies or, upon request by Landlord and/or its agent from time to time, sufficient information to evidence that the insurance required under this Section is in full force and effect. All insurance required under this Lease shall be issued by an insurance company that has been in business for at least 5 years, is authorized to do business in the State, and has a financial rating of at least an A-X as rated in the most recent edition of Best's Insurance Reports. The limits of any such

required insurance shall not in any way limit Tenant's liability under this Lease or otherwise. If Tenant fails to maintain such insurance, Landlord may, but shall not be required to, procure and maintain the same, at Tenant's expense, which expense shall be reimbursed by Tenant as Additional Rent within 10 days after written demand. Any deductible under such insurance policy in excess of $25,000 shall be approved by Landlord in writing prior to the issuance of such policy. Tenant shall not self-insure without Landlord's prior written consent.

(b) Landlord shall obtain and maintain the following insurance during the Term: (i) replacement cost insurance including "all risk" property insurance on the Building, including without limitation leasehold improvements (exclusive of Tenant's Property and Specialty Alterations); (ii) commercial general liability insurance (including bodily injury and property damage) covering Landlord's operations at the Project in amounts consistent with amounts of such insurance maintained by landlords for comparable office projects in the Austin, Texas area or as required by any Mortgagee (as defined in Section 16); and (iii) such other insurance as reasonably required by Landlord or any Mortgagee.

(c) Landlord and Tenant shall each procure an appropriate clause in or endorsement to any property insurance covering the Project or any portion thereof and personal property, fixtures, and equipment located therein, wherein the insurer waives subrogation and consents to a waiver of right of recovery pursuant to the terms of this paragraph. Both Landlord and Tenant agree to immediately give each insurance company which has issued to it policies of property insurance written notice of the terms of such mutual waivers and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation thereof by reason of such waivers. Notwithstanding anything to the contrary in this Lease, Landlord and Tenant hereby waive, and agree not to make, any claim against, or seek to recover from, the other for any loss or damage to its property or the property of others resulting from conditions to the extent of proceeds received after application of any commercially reasonable deductible (or would have been received if the party had obtained and maintained the insurance it was required to carry under this Lease or if Tenant did not elect to self-insure) by the property insurance that was required to be carried by that party under the terms of this Lease.

13. INDEMNIFICATION.

(a) Subject to Section 12(c), Tenant shall defend, indemnify, and hold harmless Landlord, Landlord's property manager, and Brandywine Realty Trust and each of Landlord's directors, officers, members, partners, trustees, employees, and agents (collectively, "Landlord Indemnitees") from and against any and all third-party claims, actions, damages, liabilities, and expenses (including all reasonable costs and expenses (including reasonable attorneys' fees)) to the extent arising from: (i) Tenant's breach of this Lease; (ii) any negligence or willful act of Tenant, any Tenant Indemnitees (as defined below), or any of Tenant's invitees, subtenants, licensees, or contractors; and (iii) any acts or omissions occurring at, or the condition, use or operation of, the Premises, except to the extent arising from Landlord's negligence or willful misconduct. If Tenant fails to promptly defend a Landlord Indemnitee following written demand by the Landlord Indemnitee, the Landlord Indemnitee may defend the same at Tenant's expense, by retaining or employing counsel reasonably satisfactory to such Landlord Indemnitee.

(b) Subject to Section 12(c), Landlord shall defend, indemnify, and hold harmless Tenant and each of Tenant's directors, officers, members, partners, trustees, employees, and agents (collectively, "Tenant Indemnitees") from and against any and all third-party claims, actions, damages, liabilities, and expenses (including all reasonable costs and expenses (including reasonable attorneys' fees)) to the extent arising from: (i) Landlord's breach of this Lease; and (ii) any negligence or willful misconduct of Landlord or any Landlord Indemnitees. If Landlord fails to promptly defend a Tenant Indemnitee following written demand by the Tenant Indemnitee, the Tenant Indemnitee may defend the same at Landlord's expense, by retaining or employing counsel reasonably satisfactory to such Tenant Indemnitee.

(c) Landlord's and Tenant's obligations under this Section shall not be limited by the amount or types of insurance maintained or required to be maintained under this Lease. The provisions of this Section shall survive the Expiration Date.

14. CASUALTY DAMAGE. If there occurs any casualty to the Project (other than to the Premises) and: (i) insurance proceeds are unavailable to Landlord or are insufficient to restore the Project to substantially its

pre-casualty condition; or (ii) more than 30% of the total area of the Building is damaged, Landlord shall have the right to terminate this Lease and all the unaccrued obligations of the parties hereto, by sending written notice of such termination to Tenant within 60 days after such casualty. Such notice shall specify a termination date not fewer than 30 nor more than 90 days after such notice is given to Tenant. If there occurs any casualty to the Premises and: (i) in Landlord's reasonable judgment, the repair and restoration work would require more than 210 consecutive days to complete after the casualty (assuming normal work crews not engaged in overtime); or (ii) the casualty occurs during the last 12 months of the Term, Landlord and Tenant shall each have the right to terminate this Lease and all the unaccrued obligations of the parties hereto, by sending written notice of such termination to the other party within 60 days after the date of such casualty. Such notice shall specify a termination date not fewer than 30 nor more than 90 days after such notice is given to the other party, but in no event shall the termination date be after the last day of the Term. In the event that, following a casualty, this Lease is not terminated and Landlord fails to complete the repair or restoration work within 30 days after Landlord's estimated date for completion of the repair and restoration work (subject to extension for delays caused by Tenant and Force Majeure Events), then Tenant shall have the right to terminate this Lease by sending at least 30 days' prior written notice to Landlord, provided this Lease shall remain in full force and effect and Tenant shall no longer have the right to terminate this Lease if Landlord delivers possession of the Premises to Tenant within 30 days after Landlord's receipt of Tenant's termination notice. Notwithstanding the foregoing, if the casualty was caused by the act or omission of Tenant or any of Tenant's agents, employees, invitees, assignees, subtenants, licensees or contractors, Tenant shall have no right to terminate this Lease due to the casualty. If there occurs any casualty to the Premises and neither party terminates this Lease, then Landlord shall use commercially reasonable efforts to cause the damage to be repaired (exclusive of Tenant's Property) to a condition as nearly as practicable to that existing prior to the damage, with commercially reasonable speed and diligence, subject to delays that may arise by reason of adjustment of the loss under insurance policies, Laws, and Force Majeure Events. Landlord shall not be liable for any inconvenience or annoyance to Tenant or Tenant Indemnitees, injury to Tenant's business, or pain and suffering, resulting in any way from such damage or the repair thereof. Notwithstanding the foregoing, Tenant's obligation to pay Fixed Rent and Additional Rent shall be equitably adjusted or abated during the period (if any) during which Tenant is not reasonably able to use the Premises or an applicable portion thereof as a result of such casualty. Tenant shall have no right to terminate this Lease as a result of any damage or destruction of the Premises, except as expressly provided in this Section. The provisions of this Lease, including this Section, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, and any Law with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises.

15. CONDEMNATION. If a taking renders the Project, Building or Premises reasonably unsuitable for the Permitted Use, this Lease shall, at either party's option exercised by written notice to the other within 30 days after such taking, terminate as of the date title to condemned real estate vests in the condemnor, the Rent herein reserved shall be apportioned and paid in full by Tenant to Landlord to such date, all Rent prepaid for period beyond that date shall forthwith be repaid by Landlord to Tenant, and neither party shall thereafter have any liability for any unaccrued obligations hereunder; provided, however, a condition to the exercise by Tenant of such right to terminate shall be that the portion of the Project, Building or Premises taken shall be of such extent and nature as materially to handicap, impede, or impair Tenant's use of the balance of the Premises for its normal business operations. If this Lease is not terminated after a condemnation, then notwithstanding anything to the contrary in this Lease, Fixed Rent and Additional Rent shall be equitably reduced in proportion to the area of the Premises that has been taken for the balance of the Term. Tenant shall have the right to make a claim against the condemnor for moving expenses and business dislocation damages to the extent that such claim does not reduce the sums otherwise payable by the condemner to Landlord.

16. SUBORDINATION; ESTOPPEL CERTIFICATE.

(a) This Lease shall be subordinate at all times to the lien of any mortgages now or hereafter placed upon the Premises, Building and/or Project and land of which they are a part (a "Mortgage") without the necessity of any further instrument or act on the part of Tenant to effectuate such subordination; provided, however, as a condition to such subordination, Tenant's leasehold interest hereunder shall not be disturbed in the event of a foreclosure of any Mortgagee's lien or transfer of title in the Premises, Building and/or Project by a deed in lieu of foreclosure, provided Tenant is not currently in default under the Lease or has ever been in a monetary default in

excess of $154,141.14 under the Lease. Tenant further agrees to execute and deliver within 10 business days after demand such further instrument evidencing such subordination, non-disturbance and attornment consistent with the terms of this Section 16 as shall be reasonably required by any Mortgagee and in form and substance similar to the Subordination, Non-Disturbance and Attornment Agreement attached hereto as Exhibit G. If Landlord shall be or is alleged to be in default of any of its obligations owing to Tenant under this Lease, Tenant shall give to the holder (the "Mortgagee") of any mortgage or deed of trust now or hereafter placed upon the Premises, Building and/or Project of whom Tenant has been notified in writing, notice by overnight mail of any such default that Tenant shall have served upon Landlord. Tenant shall not be entitled to exercise any right or remedy as there may be because of any default by Landlord without having given such notice to the Mortgagee. If Landlord shall fail to cure such default, the Mortgagee shall have 45 additional days within which to cure such default or such longer period as may be reasonably necessary to complete the cure provided Mortgagee is proceeding diligently to cure such default. Notwithstanding the foregoing, any Mortgagee may at any time subordinate its mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution and delivery, and in that event the Mortgagee shall have the same rights with respect to this Lease as though it had been executed prior to the execution and delivery of the Mortgage.

(b) Tenant shall attorn to any foreclosing mortgagee, purchaser at a foreclosure sale or purchaser by deed in lieu of foreclosure. If the holder of a superior mortgage shall succeed to the rights of Landlord, then at the request of such party so succeeding to Landlord's rights (herein sometimes called successor landlord) and upon such successor landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such successor landlord as Tenant's landlord under this Lease and shall promptly, without payment to Tenant of any consideration therefor, execute and deliver any instrument that such successor landlord may request to evidence such attornment. Tenant hereby irrevocably appoints Landlord or the successor landlord the attorney in fact of Tenant to execute and deliver such instrument on behalf of Tenant, should Tenant refuse or fail to do so promptly after request. Upon such attornment, this Lease shall continue in full force and effect as, or as if it were, a direct lease between the successor landlord and Tenant upon all of the terms, conditions, and covenants as are set forth in this Lease and shall be applicable after such attornment, except that the successor landlord shall not be bound by any modification of this Lease not approved by the successor landlord, or by any previous prepayment of more than one month's rent, unless such modification or prepayment shall have been expressly approved in writing by the holder of the superior mortgage through or by reason of which the successor landlord shall have succeeded to the rights of Landlord. With respect to any assignment by Landlord of Landlord's interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to any Mortgagee, Tenant agrees that the execution thereof by Landlord, and the acceptance thereof by the Mortgagee, shall never be deemed an assumption by such Mortgagee of any of the obligations of Landlord hereunder, unless such Mortgagee shall, by written notice sent to Tenant, specifically elect, or unless such Mortgagee shall foreclose the Mortgage and take possession of the Premises. Tenant, upon receipt of written notice from a Mortgagee that such Mortgagee is entitled to collect Rent hereunder may in good faith remit such Rent to Mortgagee without incurring liability to Landlord for the non-payment of such Rent. The provisions for attornment set forth in this Section 16(b) shall be self-operative and shall not require the execution of any further instrument. However, if Landlord reasonably requests a further instrument confirming such attornment, Tenant shall execute and deliver such instrument within 10 days after receipt of such request.

(c) Tenant must at any time and from time to time, within 10 business days after receipt of Landlord's written request, execute and deliver to Landlord an estoppel certificate certifying all reasonably requested information pertaining to this Lease. Failure by Tenant to deliver said estoppel within such 10-business day period shall not be a default under this Lease but shall constitute deemed approval by Tenant of the information included in such estoppel.

17. DEFAULT AND REMEDIES.

(a) An "Event of Default" shall be deemed to exist and Tenant shall be in default hereunder if: (i) Tenant fails to pay any Rent when due and such failure continues for more than 3 business days after Landlord has given Tenant written notice of such failure; provided, however, in no event shall Landlord have any obligation to give Tenant more than 2 such notices in any 12-month period, after which there shall be an Event of Default if Tenant fails to pay any Rent when due, regardless of Tenant's receipt of notice of such non-payment; (ii) Tenant

fails to bond over a mechanic's or materialmen's lien arising as a result of Tenant's activity related to the Premises within 10 days after Landlord's written demand; (iii) there is any assignment or subletting (regardless of whether the same might be void under this Lease) in violation of the terms of this Lease; (iv) the occurrence of any default beyond any applicable notice and/or cure period under any guaranty executed in connection with this Lease; (v) Tenant ceases to use the Premises for the Permitted Use; (vi) Tenant's or any Guarantor's filing of a voluntary petition for relief, or the filing of a petition against Tenant or any Guarantor in a proceeding under the federal bankruptcy or other insolvency laws that is not withdrawn or dismissed within 60 days thereafter, or Tenant's rejection of this Lease after such a filing, or, under the provisions of any law providing for reorganization or winding up of corporations, the assumption by any court of competent jurisdiction of jurisdiction, custody, or control of Tenant or any substantial part of its property, or of any Guarantor, where such jurisdiction, custody, or control remains in force, unrelinquished, unstayed, or unterminated for a period of 60 days; or (vii) Tenant fails to observe or perform any of Tenant's other agreements or obligations under this Lease and such failure continues for more than 30 days after Landlord gives Tenant written notice of such failure, or the expiration of such additional time period as is reasonably necessary to cure such failure (not to exceed a 90 days in the aggregate), provided Tenant immediately commences and thereafter proceeds with all due diligence and in good faith to cure such failure.

(b) Upon the occurrence of an Event of Default, Landlord, in addition to the other rights or remedies it may have under this Lease, at law, or in equity, and without prejudice to any of the same, shall have the option, without any notice to Tenant and with or without judicial process, to pursue any one or more of the following remedies:

(i) Landlord shall have the right to terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and Tenant shall pay Landlord upon demand for all losses and damages that Landlord suffers or incurs by reason of such termination, including damages in an amount equal to the total of: (A) the actual costs of repossessing the Premises and all other expenses incurred by Landlord in connection with Tenant's default, plus the Administrative Fee; (B) the unpaid Rent earned as of the date of termination; (C) all Rent for the period that would otherwise have constituted the remainder of the Term, discounted to present value at a rate of 2% per annum; and (D) all other sums of money and damages owing by Tenant to Landlord.

(ii) Landlord shall have the right to terminate Tenant's right of possession (but not this Lease) and may repossess the Premises by forcible detainer or forcible entry and detainer suit or otherwise, without demand or notice of any kind to Tenant and without terminating this Lease. If Tenant receives written notice of a termination of its right to possession, such notice will serve as both a notice to vacate, and a demand for possession of, the Premises, and Landlord may immediately thereafter initiate a forcible detainer action without any further demand or notice of any kind to Tenant.

(iii) Landlord shall have the right to enter and take possession of all or any portion of the Premises without electing to terminate this Lease, in which case Landlord shall have the right to relet all, or any portion of the Premises on such terms as Landlord deems advisable. Landlord will not be required to incur any expenses to relet all or any portion of the Premises, although Landlord may at its option incur customary leasing commissions or other costs for the account of Tenant as Landlord shall reasonably deem necessary or appropriate to relet. In no event will the failure of Landlord to relet all or any portion of the Premises reduce Tenant's liability for Rent or damages; provided, however, neither the foregoing nor anything else contained in this Section shall relieve Landlord from any obligation under Texas law to mitigate the damages of Landlord arising as a result of an Event of Default by Tenant under this Lease and shall not be construed in any way as a provision or provisions which purports/purport to waive a right of Tenant to require that Landlord mitigate, or to exempt Landlord from a duty to mitigate (or from liability for its failure to satisfy such duty), Landlord's damages arising due to an Event of Default by Tenant under this Lease. However, Landlord shall have no duty to mitigate damages caused by an Event of Default other than as specifically set forth in Section 91.006 of the Texas Property Code, as it may be amended. Landlord must have full possession of all of the Premises before any duty to mitigate damages will arise, and Landlord shall be conclusively deemed not to be in full possession of all of the Premises if any litigation or other proceeding is pending in which Tenant is asserting a right to regain possession of the Premises and/or disputing Landlord's right to possession of the Premises. To satisfy Landlord's obligation under Texas law to mitigate its damages following an Event of Default by Tenant under this Lease, Landlord must only retain a real estate broker (such broker can be the same as the broker that is leasing the other space in the Building and/or Project which is

available for rent) to market the Premises and acknowledge through such broker that all portions of the Premises are available for lease, and such retention shall constitute prima facie evidence of reasonable efforts on the part of Landlord to relet the Premises; provided, however, in no event shall Landlord be obligated to: (i) relet to an affiliate of Tenant or any party not acceptable to any mortgagee or lessor of Landlord; (ii) relet all or any portion(s) of the Premises for less than the then market value of such Premises as determined by Landlord; or (iii) relet all or any portion(s) of the Premises unless there is/are no other comparable space/spaces available for lease at the Project or any other property owned by Landlord or an affiliate of Landlord within a 10-mile radius of the Project. Additionally, with respect to provisions of the laws of Texas that require that Landlord use reasonable efforts to relet the Premises and mitigate its damages following an Event of Default, the following shall apply in determining whether efforts by Landlord to relet are reasonable: (1) Landlord may elect to lease other comparable, available space at the Project, if any, before reletting all or any portion of the Premises; (2) Landlord may elect to consent to the assignment or sublease by an existing tenant of the Project before reletting all or any portion of the Premises; (3) Landlord may decline to relet all or any portion of the Premises to a prospective tenant if the nature of such prospective tenant's business is not consistent with the tenant mix of the Project or with any other tenant leases that contain provisions prohibiting Landlord from leasing space at the Project for certain uses, or if the nature of such prospective tenant's business may have material, adverse impact on the manner in which the Project is operated or upon the reputation of the Project even though in each of such circumstances such prospective tenant may have a good credit rating; and (4) before reletting all or any portion of the Premises to a prospective tenant, Landlord may require that such prospective tenant demonstrate the same financial capacity that Landlord would require as a condition to leasing other space at the Project to a prospective tenant. Without causing a surrender or forfeiture or termination of this Lease after the occurrence and during the continuance of an Event of Default, Landlord may: (A) relet all or any portion of the Premises for a term or terms to expire at the same time as, earlier than, or subsequent to, the expiration of the Term; (B) remodel or change the use and character of all or any portion of the Premises; and (C) grant rent concessions in reletting all or any portion of the Premises, if necessary in Landlord's reasonable judgment, without reducing Tenant's obligation for Rent specified in this Lease. The rent earned from reletting all or any portion of the Premises shall be applied first, to the payment of any indebtedness other than Rent due from Tenant to Landlord, second, to the payment of any reasonable, out-of-pocket cost of such reletting including, without limitation, refurbishing costs and leasing commissions, and third, to the payment of Rent due and unpaid under this Lease. If the rent earned from reletting all or any portion of the Premises, after payment of such indebtedness and/or reletting costs, is insufficient to satisfy the payment when due of Rent reserved under this Lease for any monthly period, then Tenant shall pay to Landlord upon demand the amount of such deficiency. If such rent, after payment of such indebtedness and/or reletting costs, is greater than the Rent reserved under this Lease, Landlord may retain such excess. Reletting of the Premises after the occurrence of an Event of Default shall not be construed as an election to terminate this Lease and, notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease. Notwithstanding anything to the contrary in this Section, provided Landlord has not terminated this Lease with respect to the space relet to a substitute tenant, upon the default by any substitute tenant or upon the expiration or any earlier termination of such substitute tenant's lease term before the expiration of the Term, Landlord may, at Landlord's sole election, either relet to still another substitute tenant or otherwise exercise its rights under this Section.

(iv) Landlord shall have the right to enter upon and take custodial possession of all or any portion of the Premises, lock out or remove Tenant and any other person occupying all or any portion of the Premises, and alter the locks and other security devices at the Premises, all without demand or notice of any kind to Tenant and without Landlord being deemed guilty of trespass or becoming liable for any resulting loss or damage and without causing a termination or forfeiture of this Lease or of Tenant's obligation to pay Rent. If Landlord changes the lock(s) to door(s) into the Premises and Tenant is then delinquent in the payment of Rent due hereunder, a new key will be provided to Tenant only if no default then exists by Tenant under this Lease and the amount of the delinquent Rent is paid to Landlord by cashier's check or other payment medium of immediately available funds that is acceptable to Landlord in its sole discretion. Additionally, without notice, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant. The foregoing provision is intended to and shall supersede the provisions of Section 93.002 of the Texas Property Code.

(v) Landlord shall have the right to enter the Premises without terminating this Lease and without being liable for prosecution or any claim for damages therefor and maintain the Premises and repair or replace any damage thereto or do anything for which Tenant is responsible hereunder. Tenant shall

reimburse Landlord immediately upon demand for any out-of-pocket costs which Landlord incurs in thus effecting Tenant's compliance under this Lease, and Landlord shall not be liable to Tenant for any damages with respect thereto.

(vi) Landlord shall have the right to continue this Lease in full force and effect, whether or not Tenant shall have abandoned the Premises. If Landlord elects to continue this Lease in full force and effect pursuant to this Section, then Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. Landlord's election not to terminate this Lease pursuant to this Section or pursuant to any other provision of this Lease, at law or in equity, shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

(vii) Landlord shall have the right to cure any Event of Default on behalf of Tenant and Tenant shall reimburse Landlord upon demand for any reasonable sums paid or costs incurred by Landlord in curing such default, including attorneys' fees and other legal expenses, plus the Administrative Fee. The "Administrative Fee" means 5% of the costs incurred by Landlord in curing Tenant's default or performing Tenant's obligations hereunder.

(viii) After an Event of Default has occurred, Landlord shall have the option to accept Tenant's cure of an Event of Default by delivering written notice to Tenant in which Landlord expressly and specifically agrees to accept such cure of an Event of Default and elects not to pursue the remedies under this Section 17, subject to any terms provided in such notice and such acceptance shall preclude Landlord's right to enforce any remedy contained in this Lease for such Event of Default, but shall not in any way restrict Landlord's remedies with regard to any other Event of Default by Tenant until such time Landlord accepts Tenant cure (and provided Landlord is under no obligation to do so) for such other Event of Default in accordance with this subsection.

(c) Upon the occurrence of an Event of Default, Tenant shall be liable to Landlord for, and Landlord shall be entitled to recover: (i) all Rent accrued and unpaid; (ii) all costs and expenses actually incurred by Landlord in recovering possession of the Premises, including legal fees, and removal and storage of Tenant's property; (iii) the costs and expenses of restoring the Premises to the condition in which the same were to have been surrendered by Tenant as of the Expiration Date; (iv) the costs of reletting commissions; (v) all out- of pocket reasonable legal fees and court costs incurred by Landlord in connection with the Event of Default; and (vi) the unamortized portion (as reasonably determined by Landlord) of brokerage commissions and consulting fees incurred by Landlord, and tenant concessions including free rent given by Landlord, in connection with this Lease. Upon the occurrence of an Event of Default, the Abatement Period shall immediately become void, and the monthly Fixed Rent due for the Abatement Period shall equal the amount of Fixed Rent due immediately following the Fixed Rent Start Date.

(d) Any amount payable by Tenant under this Lease that is not paid when due shall bear interest at the rate of 1% per month until paid by Tenant to Landlord. If Tenant fails to pay Rent when due on 3 or more occasions during the Term, Landlord shall have the right to require Tenant to pay all future Rent by ACH debit of funds, in which case Tenant shall complete Landlord's then-current forms authorizing Landlord to automatically debit Tenant's bank account.

(e) Neither any delay or forbearance by Landlord in exercising any right or remedy hereunder nor Landlord's undertaking or performing any act that Landlord is not expressly required to undertake under this Lease shall be construed to be a waiver of Landlord's rights or to represent any agreement by Landlord to thereafter undertake or perform such act. Landlord's waiver of any breach by Tenant of any covenant or condition herein contained (which waiver shall be effective only if so expressed in writing by Landlord) or Landlord's failure to exercise any right or remedy in respect of any such breach shall not constitute a waiver or relinquishment for the future of Landlord's right to have any such covenant or condition duly performed or observed by Tenant, or of Landlord's rights arising because of any subsequent breach of any such covenant or condition nor bar any right or remedy of Landlord in respect of such breach or any subsequent breach.

(f) The rights granted to Landlord in this Section shall be cumulative of every other right or remedy provided in this Lease or which Landlord may otherwise have at law or in equity or by statute, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of

other rights or remedies or constitute a forfeiture or waiver of Rent or damages accruing to Landlord by reason of any Event of Default under this Lease. Landlord shall have all rights and remedies now or hereafter existing at law or in equity with respect to the enforcement of Tenant's obligations hereunder and the recovery of the Premises. No right or remedy herein conferred upon or reserved to Landlord shall be exclusive of any other right or remedy, but shall be cumulative and in addition to all other rights and remedies given hereunder or now or hereafter existing at law or in equity. Landlord shall be entitled to injunctive relief in case of the violation, or attempted or threatened violation, of any covenant, agreement, condition or provision of this Lease, or to a decree compelling performance of any covenant, agreement, condition or provision of this Lease.

(g) No payment by Tenant or receipt by Landlord of a lesser amount than any payment of Fixed Rent or Additional Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Fixed Rent or Additional Rent due and payable hereunder, nor shall any endorsement or statement or any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other right or remedy provided for in this Lease, at law or in equity.

(h) In addition to any applicable common law or statutory lien, none of which are to be deemed waived by Landlord, Landlord shall have, at all times, and Tenant hereby grants to Landlord, a valid lien and security interest to secure payment of all rentals and other sums of money becoming due hereunder from Tenant, and to secure payment of any damages or loss which Landlord may suffer by reason of the breach by Tenant of any covenant, agreement or condition contained herein, upon all goods, wares, equipment, fixtures, furniture, improvements, and other personal property of Tenant which may hereafter be situated on the Premises, and all proceeds therefrom, and such property shall not be removed therefrom without the consent of Landlord until all arrearage in Rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged and all the covenants, agreements, and conditions hereof have been fully complied with and performed by Tenant. During the continuance of an Event of Default by Tenant, Landlord may, in addition to any other remedies provided herein, peaceably enter upon the Premises and take possession of any and all goods, wares, equipment, fixtures, furniture, improvements, and other personal property of Tenant situated on the Premises, without liability for trespass or conversion, and sell the same at public or private sale, with or without having such property at the sale, after giving Tenant reasonable notice of time and place of any public sale or of the time after which any private sale is to be made, at which sale Landlord or its assigns may purchase unless otherwise prohibited by law. Unless otherwise provided by law, and without intending to exclude any other manner of giving Tenant reasonable notice, the requirement of reasonable notice shall be met if such notice is given in the manner prescribed in Section 21 at least 5 days before the time of sale. The proceeds from any such disposition, less all expenses connected with the taking of possession, holding, and selling of the property (including reasonable attorneys' fees and other expenses), shall be applied as a credit against the indebtedness secured by the security interest granted in this paragraph. Any surplus shall be paid to Tenant or as otherwise required by law, and Tenant shall pay any deficiencies forthwith. Upon request by Landlord, Tenant agrees to execute and deliver to Landlord a financing statement in form sufficient to perfect the security interest of Landlord in the aforementioned property and proceeds thereof under the provisions of the Uniform Commercial Code in force in the State. Notwithstanding the foregoing provisions of this Section 17, Landlord acknowledges and agrees that Landlord's lien described herein and Landlord's rights and remedies related thereto shall be subordinate in all instances to any purchase money security interest of any lender financing Tenant's laboratory equipment.

18. SURRENDER; HOLDOVER.

(a) No later than upon the Expiration Date or earlier termination of Tenant's right to possession of the Premises (such earlier date, the "Surrender Date"), Tenant shall vacate and surrender the Premises to Landlord in good order and condition, vacant, broom clean, and in conformity with the applicable provisions of this Lease, including without limitation Sections 9 and 11. Tenant shall have no right to hold over beyond the Surrender Date, and if Tenant does not vacate as required such failure shall be deemed an Event of Default and Tenant's occupancy shall not be construed to effect or constitute anything other than a tenancy at sufferance. During any period of occupancy beyond the Surrender Date, the amount of Rent owed by Tenant to Landlord will be the Holdover Percentage of the Rent that would otherwise be due under this Lease, without prorating for any partial month of holdover, and except that any provisions in this Lease that limit the amount or defer the payment of Additional Rent are null and void. The "Holdover Percentage" equals: (i) 150% for the first 6 months of holdover;

and (ii) 200% for any period of holdover beyond 6 months. The acceptance of Rent by Landlord or the failure or delay of Landlord in notifying or evicting Tenant following the Surrender Date shall not create any tenancy rights in Tenant and any such payments by Tenant may be applied by Landlord against its costs and expenses, including reasonable attorneys' fees, incurred by Landlord as a result of such holdover. The provisions of this Section shall not constitute a waiver by Landlord of any right of reentry as set forth in this Lease; nor shall receipt of any Rent or any other act in apparent affirmance of the tenancy operate as a waiver of Landlord's right to terminate this Lease for a breach of any of the terms, covenants, or obligations herein on Tenant's part to be performed. No option to extend this Lease shall have been deemed to have occurred by Tenant's holdover, and any and all options to extend this Lease or expand the Premises shall be deemed terminated and of no further effect as of the first date that Tenant holds over. In addition, if Tenant fails to vacate and surrender the Premises as herein required, Tenant shall indemnify, defend and hold harmless Landlord from all actual costs, losses, expenses or liabilities incurred as a result of such failure, including without limitation, claims made by any succeeding tenant and real estate brokers' claims and reasonable attorneys' fees. Tenant's obligation to pay Rent and to perform all other Lease obligations for the period up to and including the Surrender Date, and the provisions of this Section, shall survive the Expiration Date. In no way shall the remedies to Landlord set forth above be construed to constitute liquidated damages for Landlord's losses resulting from Tenant's holdover.

(b) Prior to the Surrender Date, Tenant, at Tenant's expense, shall remove from the Premises Tenant's Property and all telephone, security, and communication equipment system wiring and cabling, and restore in a good and workmanlike manner any damage to the Premises and/or the Building caused by such removal or replace the damaged component of the Premises and/or the Building if such component cannot be restored as aforesaid as reasonably determined by Landlord. The foregoing notwithstanding, Tenant shall not be required to remove a Specialty Alteration if at the time Tenant requests Landlord's consent to such Specialty Alteration, Tenant provides Landlord with written notification that Tenant desires to not be required to remove such Specialty Alteration and Landlord consents in writing to Tenant's non-removal request. A "Specialty Alteration" means an Alteration that: (i) Landlord required to be removed in connection with Landlord's consent to making such Alteration; or (ii) is not Building standard, including without limitation kitchens (other than a pantry installed for the use of Tenant's employees only), executive restrooms, computer room installations, supplemental HVAC equipment and components, safes, vaults, libraries or file rooms requiring reinforcement of floors, internal staircases, slab penetrations, non-Building standard life safety systems, security systems, specialty door locksets (such as cipher locks) or lighting, and any demising improvements done by or on behalf of Tenant after the Commencement Date. If Tenant fails to remove any of Tenant's Property, wiring, or cabling as required herein, the same shall be deemed abandoned and Landlord, at Tenant's expense, may remove and dispose of same and repair and restore any damage caused thereby, or, at Landlord's election, such Tenant's Property, wiring, and cabling shall become Landlord's property. Tenant shall not remove any Alteration (other than Specialty Alterations) from the Premises without the prior written consent of Landlord.

19. RULES AND REGULATIONS. Tenant covenants that Tenant and its employees, agents, invitees, subtenants, and licensees shall comply with the rules and regulations set forth on Exhibit D attached hereto. Landlord shall have the right to rescind and/or augment any of the rules and regulations and to make such other and further written rules and regulations as in the reasonable judgment of Landlord shall from time to time be needed for the safety, protection, care and cleanliness of the Project, the operation thereof, the preservation of good order therein and the protection and comfort of its tenants, their agents, employees and invitees, which when delivered to Tenant shall be binding upon Tenant in a like manner as if originally prescribed. In the event of an inconsistency between the rules and regulations and this Lease, the provisions of this Lease shall control. Landlord shall have no duty or obligation to enforce any rule or regulation, and Landlord's failure or refusal to enforce any rule or regulation against any other tenant shall be without liability of Landlord to Tenant, provided Landlord shall not be entitled to enforce any such rule against Tenant if such rule is not generally applied to other tenants of the Building. Landlord shall not have any liability to Tenant for any failure of any other tenants to comply with any of the rules and regulations.

20. GOVERNMENTAL REGULATIONS.

(a) Except as set forth in this Section 20, Tenant shall not use, generate, manufacture, refine, transport, treat, store, handle, dispose, bring, or otherwise cause to be brought or permit any of its agents, employees, subtenants, contractors, or invitees to bring, in, on, or about any part of the Project, any hazardous waste,

solid waste, hazardous substance, toxic substance, petroleum product or derivative, asbestos, polychlorinated biphenyl, hazardous material, pollutant, contaminant, or similar material or substance as defined by the Comprehensive Environmental Response Compensation and Liability Act , 42 U.S.C. Sections 9601 et seq., as the same may from time to time be amended, and the regulations promulgated pursuant thereto (CERCLA), or now or hereafter defined or regulated as such by any other Law ("Hazardous Material"). Notwithstanding the foregoing, Tenant shall be permitted to bring onto the Premises office cleaning supplies and products normally found in modern offices provided Tenant only brings a reasonable quantity of such supplies and products onto the Premises, as well as Hazardous Materials related to Tenant's laboratory and vivarium operations on the Premises. Tenant shall at all times comply with all Laws pertaining to the storage, handling, use, and application of such Hazardous Materials and any biological materials or waste related to Tenant's laboratory and vivarium operations at the Premises (including without limitation venting requirements applicable to laboratory or vivarium use), and all Laws pertaining to the communication to employees and other third parties of any hazards associated with such Hazardous Materials or biological materials or waste. Tenant shall not install any underground or above ground tanks on the Premises. Tenant shall not cause or permit to exist any release, spillage, emission, or discharge of any Hazardous Material on or about the Premises ("Release"). In the event of a Release, Tenant shall immediately notify Landlord both orally and in writing, report such Release to the relevant government agencies as required by applicable Law, and promptly remove the Hazardous Material and otherwise investigate and remediate the Release in accordance with applicable Law and to the satisfaction of Landlord. Landlord shall have the right, but not the obligation, to enter upon the Premises to investigate and/or remediate the Release in accordance with requirements of applicable Law in lieu of Tenant, and Tenant shall reimburse Landlord as Additional Rent for the actual costs of such remediation and investigation. Tenant shall promptly notify Landlord if Tenant acquires knowledge of the presence of any Hazardous Material on or about the Premises, except as Tenant is permitted to bring onto the Premises under this Lease. Landlord shall have the right to inspect and assess the Premises for the purpose of determining whether Tenant is handling any Hazardous Material in violation of this Lease or applicable Law, or to ascertain the presence of any Release. This subsection shall survive the Expiration Date.

(b) Tenant shall, and shall cause its employees, agents, contractors, licensees, subtenants, and assignees to, use the Premises in compliance with all applicable Laws. Tenant shall, at its sole cost and expense, promptly comply with each and all of such Laws, except in the case of required structural changes not triggered by Tenant's particular use or manner of use or change in use of the Premises, or Tenant's alterations, additions, or improvements therein or with regard to any other obligation of Landlord under this Lease. Without limiting the generality of the foregoing, Tenant shall: (i) obtain, at Tenant's expense, before engaging in Tenant's business or profession within the Premises, all necessary licenses and permits including, but not limited to, state and local business licenses, and permits; and (ii) remain in compliance with and keep in full force and effect at all times all licenses, consents, and permits necessary for the lawful conduct of Tenant's business or profession at the Premises. Tenant shall pay all personal property taxes, income taxes, and other taxes, assessments, duties, impositions, and similar charges that are or may be assessed, levied, or imposed upon Tenant or Tenant's Property. Tenant shall also comply with all applicable Laws that do not relate to the physical condition of the Premises and with which only the occupant can comply, such as laws governing maximum occupancy, workplace smoking, VDT regulations, and illegal business operations, such as gambling. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial, governmental or regulatory action, regardless of whether Landlord is a party thereto, that Tenant has violated any of such Laws shall be conclusive of that fact as between Landlord and Tenant.

(c) Notwithstanding anything to the contrary in this Section, if the requirement of any public authority obligates either Landlord or Tenant to expend money in order to bring the Premises and/or any area of the Project into compliance with Laws as a result of: (i) Tenant's particular use or alteration of the Premises; (ii) Tenant's change in the use of the Premises; (iii) the manner of conduct of Tenant's business or operation of its installations, equipment, or other property therein; (iv) any cause or condition created by or at the instance of Tenant, other than by Landlord's performance of any work for or on behalf of Tenant; or (v) breach of any of Tenant's obligations hereunder, then Tenant shall bear all costs of bringing the Premises and/or Project into compliance with Laws, whether such costs are related to structural or nonstructural elements of the Premises or Project.

(d) Except to the extent Tenant shall comply as set forth above, during the Term Landlord shall comply with all applicable Laws regarding the Project (including the Premises), including without limitation compliance with Title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §12181 *et seq.* and its

regulations as to the design and construction of the Common Areas.

21. NOTICES. Wherever in this Lease it is required or permitted that notice or demand be given or served by either party to this Lease to or on the other party, such notice or demand will be duly given or served if in writing and either: (i) personally served; (ii) delivered by prepaid nationally recognized courier service (*e.g.*, Federal Express, UPS, and USPS) with evidence of receipt required for delivery; (iii) forwarded by registered or certified mail, return receipt requested, postage prepaid; or (iv) emailed with evidence of receipt with a confirmation copy sent via one of the methods described in (i)-(iii) hereof; in all such cases addressed to the parties at the addresses set forth below, except that prior to the Commencement Date, notices to Tenant may be sent instead to the attention of any employee or attorney of Tenant with whom Landlord negotiated this Lease. Each such notice will be deemed to have been given to or served upon the party to which addressed on the date the same is delivered or delivery is refused. Each party has the right to change its address for notices (provided such new address is in the continental United States) by a writing sent to the other party in accordance with this Section, and each party will, if requested, within 10 days confirm to the other its notice address. Notices from Landlord may be given by either an agent or attorney acting on behalf of Landlord. Notwithstanding the foregoing: (a) any notice from Landlord to Tenant regarding ordinary business operations (*e.g.*, exercise of a right of access to the Premises, notice of maintenance activities or Landlord access, changes in rules and regulations, etc.); and (b) invoices, notices of change in billing or notice address, and statements of estimated or reconciliation of Operating Expenses and/or utilities, may be sent by regular mail or electronic means (such as email) to Tenant.

Tenant: Mirna Therapeutics, Inc.
Attn: Office Manager
5707 Southwest Parkway, Building II, Suite 100
Austin, TX 78735
Phone: (512) 901-0900
Email for billing contact: ######@mirnarx.com

Landlord: G&I VII Encino Trace II LP
c/o Brandywine Realty Trust
Attn: General Manager
111 Congress Ave., Suite 3000
Austin, TX 78701

With a copy to:
Email: ############@bdnreit.com

22. BROKERS. Landlord and Tenant each represents and warrants to the other that such representing party has had no dealings, negotiations or consultations with respect to the Premises or this transaction with any broker or finder other than a Landlord affiliate and Broker. Each party shall indemnify, defend, and hold harmless the other from and against any and all liability, cost, and expense (including reasonable attorneys' fees and court costs), arising from any misrepresentation or breach of warranty under this Section. Landlord shall pay Broker a commission in connection with this Lease pursuant to the terms of a separate written agreement between Landlord and Broker. This Section shall survive the Expiration Date.

23. LANDLORD'S LIABILITY. Landlord's obligations hereunder shall be binding upon Landlord only for the period of time that Landlord is in ownership of the Project, and upon termination of that ownership, Tenant, except as to any obligations that are then due and owing or otherwise arise or accrue during Landlord's ownership of the Project, shall look solely to Landlord's successor-in-interest in ownership of the Building for the satisfaction of each and every obligation of Landlord hereunder. Upon request and without charge, Tenant shall attorn to any successor to Landlord's interest in this Lease and to Mortgagees in accordance with the terms of this Lease. Landlord shall have no personal liability under any of the terms, conditions or covenants of this Lease and Tenant shall look solely to the equity of Landlord in the Project and/or the proceeds therefrom for the satisfaction of any claim, remedy or cause of action of any kind whatsoever arising from the relationship between the parties or any rights and obligations they may have relating to the Project, this Lease, or anything related to either, including without limitation as a result of the breach of any Section of this Lease by Landlord. In addition, no recourse shall be had for an obligation of Landlord hereunder, or for any claim based thereon or otherwise in respect thereof or the relationship between the parties, against any past, present or future Landlord Indemnitee (other than Landlord), whether by virtue of any statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such other liability being expressly waived and released by Tenant with respect to the Landlord Indemnitees (other than Landlord).

24. Intentionally Deleted

25. GENERAL PROVISIONS.

(a) Provided Tenant has performed all of the terms and conditions of this Lease to be performed by Tenant, including the payment of Rent, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or anyone lawfully or equitably claiming by, through, or under Landlord, under and subject to the terms and conditions of this Lease and of any deeds of trust now or hereafter affecting all or any portion of the Premises.

(b) Subject to the terms and provisions of Section 10, the respective rights and obligations provided in this Lease shall bind and inure to the benefit of the parties hereto, their successors and assigns.

(c) This Lease shall be governed in accordance with the Laws of the State, without regard to choice of law principles. Landlord and Tenant hereby consent to the exclusive jurisdiction of the state and federal courts located in the jurisdiction in which the Project is located.

(d) In connection with any litigation or arbitration arising out of this Lease, Landlord or Tenant, whichever is the prevailing party as determined by the trier of fact in such litigation, shall be entitled to recover from the other party all reasonable costs and expenses incurred by the prevailing party in connection with such litigation, including reasonable attorneys' fees. If either party is compelled to engage the services of attorneys (either outside counsel or in-house counsel) to enforce the provisions of this Lease, to the extent that the enforcing party incurs any cost or expense in connection with such enforcement, the sum or sums so paid or billed to such party, together with all interest, costs and disbursements, shall be due from the other party immediately upon receipt of an invoice therefor following the occurrence of such expenses. If, in the context of a bankruptcy case, Landlord is compelled at any time to incur any expense, including attorneys' fees, in enforcing or attempting to enforce the terms of this Lease or to enforce or attempt to enforce any actions required under the Bankruptcy Code to be taken by the trustee or by Tenant, as debtor-in-possession, then the sum so paid by Landlord shall be awarded to Landlord by the Bankruptcy Court and shall be immediately due and payable by the trustee or by Tenant's bankruptcy estate to Landlord in accordance with the terms of the order of the Bankruptcy Court.

(e) This Lease, which by this reference incorporates all exhibits, riders, schedules, and other attachments hereto, supersedes all prior discussions, proposals, negotiations and discussions between the parties and this Lease contains all of the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof, and may not be modified orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective successors in interest.

(f) TIME IS OF THE ESSENCE UNDER ALL PROVISIONS OF THIS LEASE, INCLUDING ALL NOTICE PROVISIONS.

(g) Except for the payment of Rent, each party hereto shall be excused for the period of any delay and shall not be deemed in default with respect to the performance of any of its obligations when prevented from so doing by a cause beyond such party's reasonable control, including, without limitation, strikes or other labor disputes, orders or regulations of any federal, state, county or municipal authority, embargoes, non-issuance of a governmental permit, fire or other casualty (or reasonable delays in the adjustment of insurance claims), acts of terrorism or war, inability to obtain any materials or services, or acts of God (each, a "Force Majeure Event"). No such inability or delay due to a Force Majeure Event shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rent, or relieve the other party from any of its obligations under this Lease, or impose any liability upon such party or its agents, by reason of inconvenience or annoyance to the other party, or injury to or interruption of the other party's business, or otherwise.

(h) Excepting payments of Fixed Rent, Operating Expenses, and utilities (which are to be paid as set forth in Sections 4, 5 and 6) and unless a specific time is otherwise set forth in this Lease for any Tenant payments, all amounts due from Tenant to Landlord shall be paid by Tenant to Landlord within 30 days after receipt

of an invoice therefor. Tenant shall pay to Landlord all sales, use, use and occupancy, transaction privilege, gross receipts, or other excise tax that may at any time be levied or imposed upon, or measured by, any amount payable by Tenant under this Lease.

(i) Unless Tenant's financials are publicly available online at no cost to Landlord, within 10 days after written request by Landlord (but not more than once during any 12-month period unless a default has occurred under this Lease or Landlord has a reasonable basis to suspect that Tenant has suffered a material adverse change in its financial position, or in the event of a sale, financing, or refinancing by Landlord of all or any portion of the Project), Tenant shall furnish to Landlord, Landlord's Mortgagee, prospective Mortgagee or purchaser, reasonably requested financial information. In connection therewith and upon Tenant's request, Landlord and Tenant shall execute a mutually acceptable confidentiality agreement. Landlord acknowledges and agrees that, as Tenant is a publicly-traded company, Tenant may be restricted from delivering financial information to Landlord by applicable Law and Tenant's inability to deliver any such requested financial information to Landlord because such delivery would violate applicable Law shall not be a default hereunder.

(j) Tenant represents and warrants to Landlord that: (i) Tenant was duly organized and is validly existing and in good standing under the Laws of the jurisdiction set forth for Tenant in the first sentence of this Lease; (ii) Tenant is legally authorized to do business in the State; (iii) the person(s) executing this Lease on behalf of Tenant is(are) duly authorized to do so; and (iv) Tenant has the full corporate or partnership power and authority to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms. Upon Landlord's written request, Tenant will provide Landlord with corporate resolutions or other proof authorizing the execution of this Lease at the time of such execution. Landlord represents and warrants to Tenant that: (i) Landlord was duly organized and is validly existing and in good standing under the Laws of the jurisdiction set forth for Landlord in the first sentence of this Lease; (ii) Landlord is legally authorized to do business in the State; (iii) the person(s) executing this Lease on behalf of Landlord is(are) duly authorized to do so; (iv) Landlord has the full corporate or partnership power and authority to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms; and (v) Landlord owns fee simple title to the Project.

(k) If Tenant has removed all or substantially all of Tenant's Property and there are 2 months or less remaining in the Term, Landlord shall have the right to access and make improvements to the Premises in anticipation of reletting without affecting or modifying the Term or Rent, and without any additional notice to or consent of Tenant. Tenant shall have no rights in or to such improvements. Tenant hereby waives any claim of constructive eviction, early termination of the Lease, or reduction of Rent in connection with Landlord exercising such right.

(l) Each party hereto represents and warrants to the other that such party is not a party with whom the other is prohibited from doing business pursuant to the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List. Each party hereto is currently in compliance with, and shall at all times during the Term remain in compliance with, the regulations of OFAC and any other governmental requirement relating thereto. Each party hereto shall defend, indemnify and hold harmless the other from and against any and all claims, damages, losses, risks, liabilities and expenses (including reasonable attorneys' fees and costs) incurred by the other to the extent arising from or related to any breach of the foregoing certifications. The foregoing indemnity obligations shall survive the Expiration Date.

(m) The parties shall have the right, to the extent required to be disclosed by such party or its affiliates in connection with securities filings, without notice to the other to include in such securities filings general information relating to this Lease, including, without limitation, Landlord's name, Tenant's name, the Building, and the square footage of the Premises. Except as set forth in the preceding sentence, neither Tenant nor Landlord shall issue, or permit any broker, representative, or agent representing either party in connection with this Lease to issue, any press release or other public disclosure regarding the specific terms of this Lease (or any amendments or modifications hereof), without the prior written approval of the other party. The parties acknowledge that the transaction described in this Lease and the terms hereof are of a confidential nature and shall not be disclosed except

to such party's employees, attorneys, accountants, consultants, advisors, affiliates, and actual and prospective purchasers, lenders, investors, subtenants and assignees (collectively, "Permitted Parties"), and except as, in the good faith judgment of Landlord or Tenant, may be required to enable Landlord or Tenant to comply with its obligations under law or under rules and regulations of the Securities and Exchange Commission. Neither party may make any public disclosure of the specific terms of this Lease, except as required by law or as otherwise provided in this paragraph. In connection with the negotiation of this Lease and the preparation for the consummation of the transactions contemplated hereby, each party acknowledges that it will have had access to confidential information relating to the other party. Each party shall treat such information and shall cause its Permitted Parties to treat such confidential information as confidential, and shall preserve the confidentiality thereof, and not duplicate or use such information, except by Permitted Parties.

(n) Neither Tenant, nor anyone acting through, under, or on behalf of Tenant, shall have the right to record this Lease, nor any memorandum, notice, affidavit, or other writing with respect thereto.

(o) Tenant shall not claim any money damages by way of setoff, counterclaim, or defense, based on any claim that Landlord unreasonably withheld its consent, in which case Tenant's sole and exclusive remedy shall be an action for specific performance, injunction, or declaratory judgment.

(p) All requests made to Landlord to perform repairs or furnish services, supplies, utilities, or freight elevator usage (if applicable), shall be made online to the extent available (currently such requests shall be made via http://etenants.com/, as the same may be modified by Landlord from time to time) otherwise via email or written communication to Landlord's property manager for the Building. Whenever Tenant requests Landlord to take any action not required of Landlord under this Lease or give any consent required or permitted to be given by Landlord under this Lease (for example, a request for a Transfer consent, a consent to an Alteration, or a subordination of Landlord's lien, but other than a request for services, supplies, or utilities which is governed by Section 7(b)), Tenant shall pay to Landlord for Landlord's administrative and/or professional costs in connection with each such action or consent Landlord's reasonable costs incurred by Landlord in reviewing and taking the proposed action or consent, including reasonable attorneys', engineers' and/or architects' fees (as applicable). The foregoing amount shall be paid by Tenant to Landlord within 30 days after Landlord's delivery to Tenant of an invoice for such amount. Tenant shall pay such amount without regard to whether Landlord takes the requested action or gives the requested consent.

(q) Tenant acknowledges and agrees that Landlord shall not be considered a "business associate" for any purpose under the Health Insurance Portability and Accountability Act of 1996 and all related implementing regulations and guidance.

(r) Tenant shall cause any work performed on behalf of Tenant to be performed by contractors who work in harmony, and shall not interfere, with any labor employed by Landlord or Landlord's contractors. If at any time any of the contractors performing work on behalf of Tenant does not work in harmony or interferes with any labor employed by Landlord, other tenants, or their respective mechanics or contractors, then the permission granted by Landlord to Tenant to do or cause any work to be done in or about the Premises may be withdrawn by Landlord with 48 hours' written notice to Tenant.

(s) This Lease may be executed in any number of counterparts, each of which when taken together shall be deemed to be one and the same instrument. The parties acknowledge and agree that notwithstanding any law or presumption to the contrary, the exchange of copies of this Lease and signature pages by electronic transmission shall constitute effective execution and delivery of this Lease for all purposes, and signatures of the parties hereto transmitted and/or produced electronically shall be deemed to be their original signature for all purposes.

(t) Landlord and persons authorized by Landlord may enter the Premises at all reasonable times upon reasonable advance notice, provided in the case of an emergency, no such notice shall be required. Landlord acknowledges and agrees that certain areas of the Premises may be restricted because of the nature of use of such areas, such as the laboratory and vivarium, and such entry shall be subject to all applicable laws and laboratory and safety standards, and any entry by Landlord or its agents must be accompanied by a representative of Tenant, except in cases of emergency. Tenant agrees to make available a representative to accompany Landlord to

any restricted areas and to allow Landlord all reasonable access to any unrestricted areas without a Tenant escort. Except to the extent resulting from Landlord's gross negligence or willful misconduct, Landlord shall not be liable for inconvenience to or disturbance of Tenant by reason of any such entry; provided, however, in the case of repairs or work, such shall be done, so far as practicable, so as to not unreasonably interfere with Tenant's use of the Premises.

(u) If more than one person executes this Lease as Tenant, each of them is jointly and severally liable for the keeping, observing, and performing of all of the terms, covenants, conditions, provisions, and agreements of this Lease to be kept, observed, and performed by Tenant.

(v) TO THE EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY OF THE BUILDING, ANY CLAIM OR INJURY OR DAMAGE, OR ANY EMERGENCY OR OTHER STATUTORY REMEDY WITH RESPECT THERETO.

26. TENANT'S EXPENSE PAYMENTS. Landlord and Tenant agree that each provision of this Lease for determining charges, amounts and other Additional Rent payable by Tenant is commercially reasonable and, as to each such charge or amount, constitutes a "method by which the charge is to be computed" for purposes of Section 93.012 of the Texas Property Code. **ACCORDINGLY, TENANT VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS, IF ANY, AVAILABLE TO TENANT UNDER SECTION 93.012 OF THE TEXAS PROPERTY CODE, AS SUCH SECTION NOW EXISTS OR AS IT MAY BE HEREAFTER AMENDED, SUCCEEDED AND/OR RENUMBERED.**

27. TAX PROTEST; WAIVER OF DTPA.

(a) Tenant has no right to protest the real property tax rate applicable to the Project and/or the appraised value of the Project determined by any taxing authority. Tenant hereby knowingly, voluntarily and intentionally waives and releases any right, whether created by law or otherwise, to do any of the following: (i) to file or otherwise protest before any taxing authority any such rate or value determination even though Landlord may elect not to file any such protest; (ii) to appeal any order of a taxing authority which determines any such protest; and (iii) to receive, or otherwise require that Landlord deliver to Tenant, a copy of any reappraisal notice received by Landlord from any taxing authority. The foregoing waiver and release covers and includes any and all rights, remedies and recourse of Tenant, now or at any time hereafter existing, under Section 41.413 and Section 42.015 of the Texas Tax Code (as currently enacted or hereafter modified) together with any other or further laws, rules or regulations covering the subject matter thereof. Tenant acknowledges and agrees that the foregoing waiver and release was bargained for by Landlord and Landlord would not have agreed to enter into this Lease in the absence of this waiver and release.

(b) **PURSUANT TO, AND TO THE EXTENT PERMITTED BY SECTION 17.42 OF THE TEXAS DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT (TEX. BUS. & COM. CODE ANN. §17.41, ET. SEQ.), LANDLORD AND TENANT EACH WAIVE THEIR RESPECTIVE RIGHTS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS, AND AGREE THAT SUCH ACT SHALL HAVE NO APPLICABILITY TO THIS LEASE, EXCEPT THAT SUCH WAIVER SHALL NOT APPLY TO SECTION 17.555 OF SUCH ACT. AFTER CONSULTATION WITH AN ATTORNEY OF LANDLORD'S OWN SELECTION, LANDLORD VOLUNTARILY CONSENTS TO THE FOREGOING WAIVER BY IT. AFTER CONSULTATION WITH AN ATTORNEY OF TENANT'S OWN SELECTION, TENANT VOLUNTARILY CONSENTS TO THE FOREGOING WAIVER BY IT.**

28. NO IMPLIED WARRANTIES. **LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE, TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS**

HEREUNDER, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE, TENANT SHALL CONTINUE TO PAY RENT AND ALL AMOUNTS DUE HEREUNDER, WITHOUT ABATEMENT, SETOFF OR DEDUCTION NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED. TENANT HAS HAD A FULL AND FAIR OPPORTUNITY TO INSPECT THE PREMISES AND FINDS THAT THE PREMISES SUIT TENANT'S PURPOSES. TENANT HAS KNOWLEDGE OF THE PREMISES AND WITH THIS KNOWLEDGE HAS VOLUNTARILY AGREED TO DISCLAIM THE IMPLIED WARRANTY OF SUITABILITY. BOTH LANDLORD AND TENANT HAVE EXPRESSLY BARGAINED FOR AND AGREED TO THIS DISCLAIMER. FOR AND IN CONSIDERATION OF THE EXECUTION OF THIS LEASE, LANDLORD AND TENANT AGREE THAT LANDLORD WOULD NOT HAVE SIGNED THIS LEASE BUT FOR THE DISCLAIMERS SET FORTH ABOVE, AND TENANT WAIVES ANY WARRANTY REGARDING THE PREMISES EXCEPT THOSE EXPRESSLY PROVIDED IN THIS LEASE.

29. EXTENSION OPTIONS.

(a) Provided: (i) Tenant is not currently in default of this Lease; (ii) this Lease is in full force and effect; (iii) Tenant is the originally named Tenant; and (iv) Tenant is then occupying 100% of the Premises for the conduct of Tenant's business, Tenant shall have the right to extend the Term ("Extension Option") for up to 2 consecutive terms of 60 months each beyond the end of the Initial Term (each an "Extension Term") by delivering Tenant's written extension election notice to Landlord no later than the Extension Deadline, with time being of the essence. The "Extension Deadline" means the date that is 9 months prior to the expiration of the then-current Term. The terms and conditions of this Lease during each Extension Term shall remain unchanged except Tenant shall only be entitled to the 2 Extension Terms provided above, the annual Fixed Rent for the applicable Extension Term shall be 95% of the Extension Rent (as defined below), the Expiration Date shall be the last day of the Extension Term, and, except to the extent reflected in the Extension Rent, Landlord shall have no obligation to perform any tenant improvements to the Premises or provide any tenant improvement allowance to Tenant. Upon Tenant's delivery of its written extension election notice, Tenant may not thereafter revoke its exercise of the Extension Option. Notwithstanding anything to the contrary in this Lease, Tenant shall have no right to extend the Term other than or beyond the 2, 60-month Extension Terms described in this paragraph.

(b) "Extension Rent" means the fair market extension term base rent for space comparable to the Premises in comparable buildings in the market in which the Project is located. In determining the Extension Rent, Landlord, Tenant and any broker shall take into account all relevant factors including, without limitation, prevailing market allowances and concessions for renewing tenants, space measurement methods and loss factors, the lease term, the size of the space, the location of the building(s), parking charges, the amenities offered at the building(s), the age of the building(s), and whether Project Expenses and other pass-through expenses are on a triple net, base year, expense stop or other basis. In lieu of directly providing any prevailing market allowances and/or concessions, Landlord may elect to reduce the Extension Rent by the economic equivalent thereof to reflect the fact that such allowances and concessions were not provided directly to Tenant. During the Extension Term, Tenant shall not be entitled to any tenant improvement allowances, free rent periods or other economic concessions (if any) that Tenant was entitled to during the Initial Term, except to the extent such items are indirectly incorporated into the Extension Rent as set forth in this Section. When the Extension Rent is being determined for the first year of the Extension Term, the Extension Rent for the second and all subsequent years of the Extension Term shall also be determined in accordance with the same procedures as are set forth herein and based upon the then prevailing annual rent escalation factor in the applicable leasing market.

(c) If Landlord and Tenant do not agree upon the Extension Rent in writing within 20 days after the later of Landlord's receipt of Tenant's extension notice or 3 months prior to the Extension Deadline, then within 15 days after either party notifies the other in writing that such notifying party desires to determine the Extension Rent in accordance with the procedures set forth in this Section, Landlord and Tenant shall each deliver to the other party a written statement of such delivering party's determination of the Extension Rent, together with such supporting documentation as the delivering party desires to deliver. Within 10 days after such 15-day period, Landlord and Tenant shall each appoint a real estate appraiser having a minimum of 10 years' experience in the market in which the Project is located (each an "Arbitrator"), such Arbitrators to be qualified, disinterested and impartial. Landlord and Tenant shall each deliver their respective determination of the Extension Rent, together with

supporting evidence, and within 30 days of appointment, the Arbitrators shall meet and select either Landlord's determination or Tenant's determination as more accurately reflecting the Extension Rent. In the event that the Arbitrators are unable to agree within said 30-day period, they shall appoint a third Arbitrator who shall select either Landlord's or Tenant's determination of the Extension Rent. The Arbitrators shall have no power or authority to select any Extension Rent other than the Extension Rent submitted by Landlord or Tenant nor shall the Arbitrators have any power or authority to modify any of the provisions of this Lease, and the decision of the Arbitrators shall be final and binding upon Landlord and Tenant. The cost of the initial two Arbitrators shall be borne by the party appointing the applicable Arbitrator and the cost of the third Arbitrator shall be shared equally by Landlord and Tenant.

(d) Upon Tenant's timely and proper exercise of the Extension Option pursuant to the terms above and satisfaction of the above conditions: (i) the "Term" shall include the Extension Term, subject only to the determination of Extension Rent; and (ii) upon Landlord's request, Tenant shall execute prior to the expiration of the then-expiring Term, an appropriate amendment to this Lease, in form and content reasonably satisfactory to both Landlord and Tenant, memorializing the extension of the Term for the ensuing Extension Term (provided Tenant's failure to execute such amendment shall not negate the effectiveness of Tenant's exercise of the Extension Option).

30. RIGHT OF FIRST REFUSAL.

(a) Provided: (i) Tenant is not currently in default of this Lease; (ii) this Lease is in full force and effect; (iii) Tenant is the originally named Tenant; and (iv) Tenant is then occupying 100% of the Premises for the conduct of Tenant's business, then if, at any time beginning on the Commencement Date and ending on the date that is 36 months prior to the end of the Initial Term, Landlord desires to execute a written letter of intent or lease proposal ("Proposal") with a potential tenant for all or part of the approximately 9,600 rentable square foot space located on the first floor of the Building commonly known as Suite 150, which space is shown on Exhibit A attached hereto ("Refusal Space"), Landlord shall so notify Tenant in writing ("Landlord's Notice") and, subject to the terms and provisions of this Section, Tenant shall have the one-time right ("Right of First Refusal") to enter into a lease for the entire (but not less than the entire) Refusal Space upon the terms set forth in the Proposal and this Section by delivering Tenant's written notice of such election to Landlord ("Tenant's Notice") within 5 business days after Tenant's receipt of Landlord's Notice. The Right of First Refusal is subject, subordinate, and in all respects inferior to the rights of any third-party tenant leasing space at the Building as of the date of this Lease (including, without limitation, any lease term extension period(s) contained in such tenant's lease, regardless of whether the extension right or agreement is contained in such lease or is agreed to at any time by Landlord and the tenant under such lease). Upon Tenant's delivery of Tenant's Notice, Tenant may not thereafter revoke Tenant's exercise of the Right of First Refusal.

(b) If Tenant notifies Landlord that Tenant elects not to lease the Refusal Space or if Tenant fails to timely deliver Tenant's Notice to Landlord, Landlord shall have the right thereafter to lease the Refusal Space to one or more tenants under one or more leases on substantially the terms set forth in the Proposal, and Tenant's Right of First Refusal with respect to the Refusal Space shall be deemed forever waived.

(c) Except as set forth in this Section to the contrary, Tenant shall lease the Refusal Space under Landlord's then-current standard office lease form, modified as necessary to reflect the terms set forth in the Proposal, or, at Landlord's option, an amendment to this Lease. Tenant shall execute and deliver the new lease or amendment within 10 business days after Landlord's delivery thereof, with time being of the essence. If Tenant fails to execute and deliver the new lease or amendment within such period, Landlord shall have the right to thereafter lease the Refusal Space to one or more tenants under one or more leases containing the terms substantially set forth in the Proposal and Tenant's Right of First Refusal with respect to the Refusal Space shall be deemed forever waived.

(d) If Tenant timely exercises its right to lease the Refusal Space: (a) Tenant's lease of the Refusal Space shall commence upon the later of: (i) the date of availability specified in Landlord's Notice; or (ii) the date upon which the prior occupant ("Prior Occupant") of the Refusal Space physically vacates and surrenders possession of the Refusal Space; (b) the term of Tenant's lease of the Refusal Space shall be the same period as set forth in the Proposal; and (c) except as set forth in the Proposal to the contrary, Tenant shall lease such Refusal Space under all of the terms and conditions of this Lease except that Tenant shall take the Refusal Space in "AS IS" condition, and Landlord shall have no obligation to make any improvements or alterations to the Refusal Space or

provide any tenant improvement allowance. Landlord and the tenant proposing to lease the Refusal Space shall not be precluded from making changes to the Proposal during lease negotiations so long as such changes are the result of arm's-length negotiations between Landlord and such prospective tenant and not the result of bad faith and collusion insofar as Tenant's interests are concerned, and so long as the changes do not substantially alter the terms set forth in the Proposal. Provided Landlord has complied with the terms of the following sentence, Landlord will have no liability to Tenant if Landlord does not deliver or does not timely deliver the Refusal Space to Tenant. Landlord will promptly commence and diligently pursue obtaining possession of the Refusal Space (including by initiating legal proceedings) so that Landlord can timely deliver the Refusal Space to Tenant; provided, however, if Landlord has not delivered possession of the Refusal Space to Tenant within 6 months after the commencement date set forth in the Proposal, Tenant's sole remedy shall be to terminate Tenant's election to lease the Refusal Space by notifying Landlord in writing within 30 days after the expiration of such 6-month period. Nothing herein contained shall obligate Landlord to make any payment to the Prior Occupant in order to entice the Prior Occupant to physically vacate and surrender possession of the Refusal Space. Landlord shall determine the exact location of any demising walls for the Refusal Space.

31. ROOF RIGHTS.

(a) At Tenant's sole cost and expense, Tenant (but not any subtenant) shall have access to the roof of the Building in designated areas mutually agreed upon for the purpose of installation of Tenant's Supplemental HVAC and associated wiring (collectively, the "Roof Equipment") provided: (i) the Roof Equipment does not impact Landlord's roof warranty; (ii) the Roof Equipment complies with all applicable Laws; (iii) Tenant obtains Landlord's prior written consent thereto, not to be unreasonably withheld, conditioned or delayed, including without limitation approval of (1) the placement of the Roof Equipment, (2) any roof penetrations, (3) an elevation or representational drawing of what the Roof Equipment will look like when mounted to the roof of the Building, and (4) a specific scope of work from Tenant's contractor; and (iv) Tenant removes the Roof Equipment and restores the roof to its original condition prior to the Surrender Date. The Roof Equipment is deemed Tenant's Property and shall be for the sole benefit of Tenant and Landlord, relate specifically to Tenant's use of the Premises, and not be used as a switching station, amplification station, or by other tenants or third parties. Tenant is solely responsible for all costs associated with the installation, maintenance, and removal of the Roof Equipment.

(b) Tenant shall make a request for approval of the Roof Equipment by submission of specific plans and specifications for the work to be performed. Landlord shall respond in writing within 15 business days after receipt of the same, advising Tenant of approved contractors and those portions of the work that are acceptable and disapproving those portions of the work that are, in Landlord's judgment, reasonably exercised, unacceptable and with respect to the plans, specifically detailing the nature of Landlord's objection.

(c) Tenant shall be solely responsible for all damages caused by the Roof Equipment, the removal of the Roof Equipment, and the restoration of the roof prior to the Surrender Date to substantially the same condition as existed prior to the installation of the Roof Equipment, reasonable wear and tear excepted, unless directed in writing by Landlord otherwise. Landlord shall be named as an additional insured on all Tenant insurance relating to the Roof Equipment. All installation, repair, replacement, and modification of the Roof Equipment shall be coordinated with Landlord, use only contractors approved in writing by Landlord, and be in accordance with all applicable Laws and the rules and regulations set forth in this Lease.

(d) Notwithstanding anything to the contrary in this Lease, if in connection with Tenant's Supplemental HVAC Tenant requests penetrations through leasable area of the Building not comprising part of the Premises, Landlord may condition consent to such penetrations on the parties entering into an amendment to this Lease whereby the rentable square footage of the Premises is increased by the rentable square footage of the areas used for such penetrations, and all computations made under this Lease based upon or affected by the rentable square footage of the Premises will be recomputed to reflect such measurement.

32. GENERATOR. Subject to the terms of this paragraph and to the extent allowed by right by applicable governmental authorities, Tenant shall have the right to install and maintain an emergency generator outside of the Building in a location mutually acceptable to the parties, together with such service lines as are necessary to cause such emergency generator to service the Premises (the generator and the service lines, the "Generator"). Tenant shall deliver to Landlord detailed plans and specifications for the Generator (including the

proposed location and screen wall design) and a copy of Tenant's contract for installing the Generator, which plans and specifications and contract shall be subject to Landlord's approval, not to be unreasonably withheld, conditioned or delayed. Tenant shall pay all costs of purchase, installation, maintenance, replacement, governmental inspection, permitting, insurance, cleanup and operation of the Generator. Tenant shall not use the Generator in a manner that will unreasonably interfere with Landlord's and/or any current or future tenant's use of the Project. Tenant is hereby granted such nonexclusive easements and licenses as are reasonably necessary for: (i) use of any Building shafts required to install the electrical wiring for the Generator; and (ii) access to the Generator at all reasonable times and in emergencies. The Generator shall be connected to the Premises by electrical wiring, the installation of which shall be performed by Tenant's contractor, at Tenant's expense. Tenant shall be responsible for procuring all licenses and permits required for the installation, use or operation of the Generator, and Landlord makes no representations or warranties regarding the permissibility or the permitability of the Generator under applicable Laws. Upon Landlord's written approval of the plans and specifications and of the installation contract for the Generator, the Generator shall be installed by Tenant using a contractor reasonably acceptable to Landlord. Tenant shall cause the Generator to be constructed, installed, maintained, and operated: (a) in compliance with all applicable Laws and in accordance with the Building rules and regulations including those promulgated by Landlord pertaining to construction at the Building by third-party contractors; and (b) so as not to adversely affect or impact the structural, communications or other systems of or serving the Building. Upon installation of the Generator, Tenant shall furnish Landlord with an "as built" drawing of the Generator certified by Tenant's architect or such other professional as Landlord shall reasonably approve. On or prior to the expiration or earlier termination of the Term or Tenant's right to possession of the Premises, Tenant shall remove the Generator and related wiring and other equipment associated therewith, repair any damage caused by such removal, and restore the area to the condition existing prior to the date the Generator was installed, reasonable wear and tear and damage by casualty or condemnation excepted. Tenant shall pay Landlord within 30 days after demand by Landlord any reasonable increase(s) in Landlord's insurance premium(s) attributable to the Generator. Tenant shall maintain the Generator and any related equipment in a clean and safe manner throughout the Term. In addition, all repairs to the Building and/or the Property made necessary by reason of the installation, maintenance and operation of the Generator shall be Tenant's expense. Any operation of the Generator for testing or upkeep purposes shall be conducted only at times not falling within the normal hours of operation of the Building. Tenant shall immediately take all actions necessary to properly remediate any spillage or leak of fuel from the Generator, and shall promptly furnish Landlord with a copy of any notice received from any governmental authority relating to any claimed spillage or leak of fuel. Tenant's indemnification obligations set forth in the Lease with regard to the Premises shall also apply to the Generator.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal as of the day and year first-above stated.

LANDLORD:
G&I VII ENCINO TRACE II LP, a Delaware limited partnership

By: G&I VII Encino Trace GP LLC, a Delaware limited liability company, its general partner

By: G&I VII Encino Trace GP LLC, a Delaware limited liability company, its general partner

By: G&I VII Austin Office LLC, a Delaware limited liability company, its sole member

By: /s/ William D. Redd
Name: William D. Redd
Title: Executive Vice President and Senior Managing Director
Date:

TENANT:
MIRNA THERAPEUTICS, INC.

By: /s/ Paul Lammers
Name: Paul Lammers, MD, MSc
Title: President & CEO
Date:

Exhibits:
Exhibit A: Location Plan of Premises
Exhibit B: Form of COLT
Exhibit C: Leasehold Improvements
Exhibit D: Rules and Regulations
Exhibit E: Form of LOC
Exhibit F: Austin Energy Green Building Requirements
Exhibit G: Subordination, Non-Disturbance and Attornment Agreement

EXHIBIT A
LOCATION PLAN OF PREMISES (NOT TO SCALE)

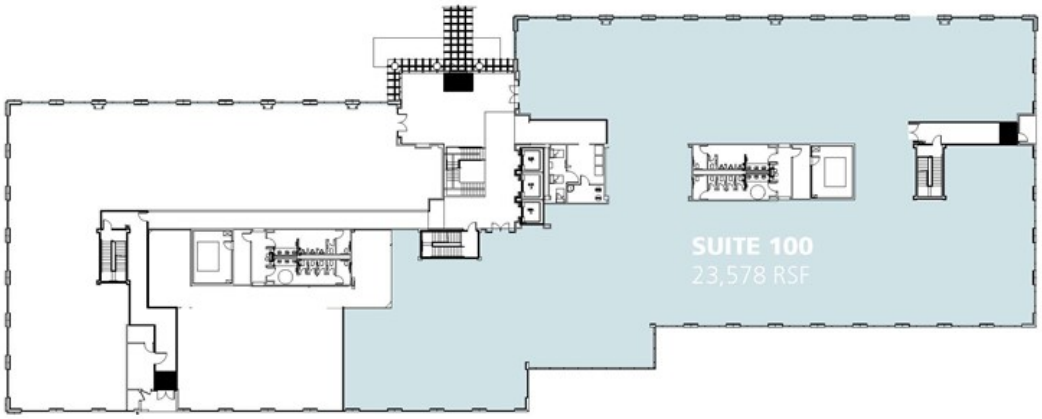

EXHIBIT B
FORM OF COLT

CONFIRMATION OF LEASE TERM

THIS CONFIRMATION OF LEASE TERM ("COLT") is made as of _____ between _____ ("Landlord") and _____ ("Tenant").

1. Landlord and Tenant are parties to that certain lease dated _____ ("Lease Document"), with respect to the premises described in the Lease Document, known as Suite _____ consisting of approximately _____ rentable square feet ("Premises"), located at _____.

2. All capitalized terms, if not defined in this COLT, have the meaning give such terms in the Lease Document.

3. Tenant has accepted possession of the Premises in their "AS IS" "WHERE IS" condition and all improvements required to be made by Landlord per the Lease Document have been completed.

4. The Lease Document provides for the commencement and expiration of the Term of the lease of the Premises, which Term commences and expires as follows:

a. Commencement of the Term of the Premises: _____

b. Expiration of the Term of the Premises: _____

5. The required amount of the Security Deposit and/or Letter of Credit per the Lease Document is $_____. Tenant has delivered the Security Deposit and/or Letter of Credit per the Lease Document in the amount of $_____.

6. The Building Number is _____ and the Lease Number is _____. This information must accompany every payment of Rent made by Tenant to Landlord per the Lease Document.

TENANT:	LANDLORD:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT C
LEASEHOLD IMPROVEMENTS

This Exhibit C-Leasehold Improvements (this "Exhibit") is a part of the Lease to which this Exhibit is attached. Capitalized terms not defined in this Exhibit shall have the meanings set forth for such terms in the Lease.

1. Definitions.

1.1 "Architect" means the licensed architect engaged by Tenant, subject to Landlord's reasonable approval, to prepare the Architectural Plans. The Bommarito Group, Inc. is deemed approved by Landlord.

1.2 "Architectural Plans" means complete, Permittable and accurate to industry standards architectural working drawings and specifications for the Leasehold Improvements prepared by the Architect including all architectural dimensioned plans showing wall layouts, wall and door locations, power and telephone locations and reflected ceiling plans and further including elevations, details, specifications and schedules according to accepted AIA standards.

1.3 "Building Standard" means the quality and quantity of materials, finishes, ways and means, and workmanship specified from time to time by Landlord as being standard for leasehold improvements at the Building or for other areas at the Building, as applicable.

1.4 "Central Systems" means any Building system or component within the Building core servicing the tenants of the Building or Building operations generally (such as base building plumbing, electrical, heating, ventilation and air conditioning, fire protection and fire alert systems, elevators, structural systems, building maintenance systems or anything located within the core of the Building or central to the operation of the Building).

1.5 "Construction Costs" means all costs in the permitting, demolition, construction, acquisition, and installation of the Leasehold Improvements, including, without limitation, contractor fees, overhead and profit, and the cost of all labor and materials supplied by Contractor, suppliers, independent contractors, and subcontractors arising in connection with the Leasehold Improvements.

1.6 "Contractor" means the general contractor selected by Tenant in accordance with the terms of this Exhibit to construct and install the Leasehold Improvements, subject to Section 3.1.

1.7 "Improvement Allowance" means an amount equal to the product of $80.00 multiplied by the total rentable square footage of the Premises, which product equals $1,886,240.00.

1.8 "Improvement Costs" means the sum of: (i) the Planning Costs; (ii) the Construction Costs; and (iii) Landlord's Fee.

1.9 "Landlord's Designer" means the architect, space planner, or engineer, if any, engaged by Landlord to review the Plans for the Leasehold Improvements as contemplated by Section 2 below.

1.10 "Landlord's Fee" means a fee in the amount of 2% of the Construction Cost up to a maximum amount of $40,000.00.

1.11 "Leasehold Improvements" means the improvements, alterations, and other physical additions to be made or provided to; constructed, delivered or installed at, or otherwise acquired for, the Premises in accordance with the Plans, or otherwise approved in writing by Landlord or paid for in whole or in part from the Improvement Allowance. Any provision of this Exhibit to the contrary notwithstanding, the Leasehold Improvements shall not include Tenant's Equipment. Tenant shall cause all Leasehold Improvements to comply with the Encino Trace Tenant Building Standards Agreement Pertaining to Austin Energy Green Building Requirements, a copy of which is attached to the Lease as Exhibit F.

1.12 "MEP Engineer" means the engineer engaged by Tenant, subject to Landlord's reasonable approval, to prepare the MEP Plans.

1.13 "MEP Plans" means complete, Permittable and accurate to industry standards mechanical, electrical and plumbing plans, schedules and specifications for the Leasehold Improvements prepared by the MEP Engineer in accordance and in compliance with the requirements of applicable building, plumbing, and electrical codes and the requirements of any authority having jurisdiction over or with respect to such plans, schedules and specifications, which are complete, accurate, consistent, and fully coordinated with and implement and carry out the Architectural Plans.

1.14 "Permittable" means that the applicable plan meets the requirements necessary to obtain a building permit from the county in which the Building is located.

1.15 "Planning Costs" means all costs related to the design of the Leasehold Improvements including, without limitation, the professional fees of the Architect and other professionals preparing and/or reviewing the Plans.

1.16 "Plans" means the Architectural Plans together with the MEP Plans, copies of all permit applications required for the Leasehold Improvements, all related documents, and if applicable, the Structural Plans.

1.17 "Structural Engineer" means the engineer engaged by Tenant, subject to Landlord's reasonable approval, to prepare the Structural Plans.

1.18 "Structural Plans" means 100% fully coordinated and complete, Permittable, and accurate structural plans, schedules and specifications, if any, for the Leasehold Improvements prepared by the Structural Engineers in accordance and in compliance with the requirements of any authority having jurisdiction over or with respect to such plans, schedules and specifications, which are complete, accurate, consistent, and fully coordinated with and implement and carry out the Architectural Plans.

1.19 "Substantial Completion" means the later of the date on which the Leasehold Improvements have been completed except for punch list items as determined by Landlord's architect or space planner, and Tenant has obtained a certificate permitting the lawful occupancy of the Premises issued by the appropriate governmental authority.

1.20 "Tenant's Equipment" means any telephone, telephone switching, telephone, data, and security cabling and systems, cabling, furniture, computers, servers, Tenant's trade fixtures, and other personal property installed (or to be installed) by or on behalf of Tenant in the Premises.

2. Plans.

2.1 Process. No later than 16 weeks after full execution and delivery of the Lease and in any event prior to commencement of the Leasehold Improvements, Tenant shall prepare and deliver to Landlord proposed Plans for Landlord's review, stamped for permit filing, together with any underlying detailed information Landlord may reasonably require in order to evaluate the Plans. The design of the Leasehold Improvements must be consistent with sound architectural and construction practices in first-class office buildings comparable in size and market to the Building and must utilize only Building Standard items. Within 10 business days after Landlord's receipt of the Plans, Landlord shall notify Tenant in writing as to whether Landlord approves or disapproves such Plans, which approval shall not be unreasonably withheld, and may contain conditions. If Landlord disapproves of the Plans, or approves the Plans subject to modifications, Landlord shall state in its written notice to Tenant the reasons therefor, and Tenant, upon receipt of such written notice, shall revise and resubmit the Plans to Landlord for review and Landlord's reasonable approval, which approval shall not be unreasonably withheld. All design, construction, and installation in connection with the Leasehold Improvements shall conform to the requirements of applicable building, plumbing, and electrical codes and the requirements of any authority having jurisdiction over, or with respect to, such Leasehold Improvements. All reasonable third-party costs incurred by Landlord, including the professional fees of Landlord's Designer, in reviewing the Plans shall be paid by Tenant to Landlord within 10 days after receipt by Tenant of a statement of such costs. Landlord's approval of the Plans is not a representation that: (a)

such Plans are in compliance with all applicable Laws; or (b) the Plans or design is sufficient for the intended purposes. Tenant shall be responsible for all elements of the design of the Plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval thereof or of Tenant's plans therefor shall in no event relieve Tenant of the responsibility for such design.

2.2 Permit Application. Tenant shall deliver any and all Plans and all revisions thereto to Landlord and obtain Landlord's approval of same prior to submitting any of such Plans for permits. Tenant shall promptly apply for and pay the cost of obtaining all permits and certificates for the Leasehold Improvements upon receiving Landlord's approval of the Plans. Tenant agrees to pay for any charges levied by inspecting agencies as such charges are levied in connection with the Leasehold Improvements.

2.3 Plan Changes. If there are any changes in the Leasehold Improvements or the Plans from the work or improvements shown in the Plans as approved by Landlord, each such change must receive the prior written approval of Landlord, and, in the event of any such approved change in the Plans, Tenant shall, upon completion of the Leasehold Improvements, furnish Landlord with an accurate "as built" plan of the Leasehold Improvements as constructed (hard copy and AutoCAD), which plans shall be incorporated into this Exhibit by this reference for all intents and purposes.

2.4 Tenant's and Landlord's Representative. "Tenant's Representative" means [_____], whose email address is [_____]. "Landlord's Representative" means Bill Lindstrom, whose email address is ##########@bdnreit.com. Each party shall have the right to designate a substitute individual as Tenant's Representative or Landlord's Representative, as applicable, from time to time by written notice to the other. All correspondence and information to be delivered to Tenant with respect to this Exhibit shall be delivered to Tenant's Representative, and all correspondence and information to be delivered to Landlord with respect to this Exhibit shall be delivered to Landlord's Representative. Notwithstanding anything to the contrary in the Lease, communications between Landlord's Representative and Tenant's Representative in connection with this Exhibit may be given via electronic means such as email without copies.

3. Performance of Leasehold Improvements.

3.1 Selection of Contractor. Tenant shall inform Landlord of the general contractors from whom Tenant desires to solicit bids for the Leasehold Improvements. Each general contractor from whom Tenant desires to solicit a bid and the terms of the selected contractor's contract (the "Construction Contract") shall be subject to Landlord's reasonable approval. The Contractor shall contract for such work directly with Tenant, but shall perform such work in coordination with Landlord's operation of the Building. Tenant shall provide Landlord with a list of all subcontractors the Contractor will use in connection with the performance of the Leasehold Improvements as such subcontractors are selected to assist in the performance of the Leasehold Improvements. Tenant's contractors and subcontractors shall work in harmony and shall not interfere with labor employed by Landlord, or its contractors or subcontractors or by any other tenant or their contractors.

3.2 Construction in Accordance with Plans; Schedule. Tenant shall cause the Leasehold Improvements to be performed by the Contractor substantially in accordance with the approved Plans (including without limitation any Landlord conditions on such approval), Laws, and Landlord's rules and regulations for construction, and sustainable guidelines and procedures. Within 30 days after execution of the Construction Contract, Tenant shall provide Landlord with a completed Sustainability Cost Detail Form, the form of which will be provided by Landlord. Prior to commencement of the Leasehold Improvements, Tenant shall provide Landlord with a schedule of the estimated dates and amounts for Tenant's requests for disbursement from the Improvement Allowance pursuant to Section 4.6 below (the "Draw Schedule"). If during completion of the Leasehold Improvements there are any material changes to the dates or amounts on the Draw Schedule, Tenant shall promptly notify Landlord with the specifics of the changes. Within 3 days after receipt of request therefor from time to time, Tenant shall provide Landlord with an accounting of all costs incurred by or on behalf of Tenant in connection with the Leasehold Improvements, and/or a certificate of the percentage of completion from the Architect.

3.3 Tenant's Equipment. Tenant shall be solely responsible for the ordering and time of ordering of Tenant's Equipment.

3.4 Building Standards. Except to the extent that the Plans expressly provide for the construction or installation of improvements, items, materials, fixtures, finishes, quantities, specifications, etc. that are non-Building Standard, Tenant will cause the Leasehold Improvements to be constructed or installed to Building Standards or better.

3.5 Fire-Life Safety; Central Systems.

a. Any Leasehold Improvements relating to the Building fire and life safety systems shall be performed by Landlord's fire and life safety subcontractor, at Tenant's expense.

b. Neither Tenant nor any of its agents or contractors shall alter, modify, or in any manner disturb any of the Central Systems.

4. Costs.

4.1 Improvement Allowance.

a. Landlord shall provide the Improvement Allowance to Tenant in accordance with the terms of this Exhibit.

b. Except as may be expressly provided to the contrary in this Exhibit, the Improvement Allowance shall be applied solely towards payment of the Improvement Costs (specifically excluding furniture, fixtures, equipment, and/or data cabling).

c. If, as of the 18-month anniversary of the date on which the Lease is fully executed and delivered, any portion of the Improvement Allowance remains undisbursed, the Improvement Allowance shall be deemed reduced by such undisbursed amount, and Landlord shall retain such undisbursed portion of the Improvement Allowance which shall be deemed waived by Tenant and shall not be paid to Tenant, credited against Rent, or applied to Tenant's moving costs or prior lease obligations.

d. By written notice to Landlord received prior to Substantial Completion and Tenant's occupancy of the Premises, Tenant shall have the right to increase the Improvement Allowance by up to an additional $55.00 per rentable square foot in the Premises (or a total of $1,296,790.00). If Tenant timely exercises such right, the additional allowance amount requested by Tenant shall be referred to herein as the "Additional Allowance", and the Improvement Allowance shall be deemed increased by the Additional Allowance. If Tenant timely exercises its right to the Additional Allowance, then notwithstanding anything to the contrary in the Lease: (i) Landlord shall amortize the Additional Allowance over 120 months on a straight-line basis with interest at 8%; (ii) from and after the Fixed Rent Start Date, all of the monthly Fixed Rent amounts set forth in Section 1(i) of the Lease shall be increased by such monthly amortized amounts (the "Monthly Allowance Increase"); (iii) the Security Deposit shall be increased by the Monthly Allowance Increase; (iv) within 30 days Tenant shall provide Landlord with a new LOC in amount equal to the prior LOC amount plus the Additional Allowance, after which Landlord shall return to Tenant the prior LOC; and (iv) Landlord may prepare and deliver to Tenant an amendment to the Lease (which amendment may be included as part of the COLT) reflecting the foregoing. Tenant shall promptly execute and return to Landlord the amendment for Landlord's counter-signature, together with a check for 2 times the Monthly Allowance Increase (representing the balance due for the Security Deposit and prepaid Fixed Rent pursuant to Section 4(b) of the Lease). If Tenant fails to execute or object to the amendment within 10 days of receipt, the amendment shall be deemed accepted by Tenant.

4.2 Tenant's Payment Responsibility. Tenant shall be responsible for the full and timely payment of all Improvement Costs.

4.3 Landlord's Fee. Tenant agrees to pay Landlord's Fee to Landlord as compensation for Landlord's management services in protecting Landlord's interest in the Building. Tenant shall pay the Landlord's Fee to Landlord within 30 days after Landlord sends an invoice therefor to Tenant; provided, however, at any time on or after the date Landlord approves the Plans, Landlord shall have the right to deduct all or a portion of Landlord's Fee from the Improvement Allowance.

4.4 Excess Costs. To the extent that the Improvement Costs exceed the Improvement Allowance, Tenant shall be solely responsible for payment of such excess amount. Landlord shall only be obligated to make Improvement Allowance disbursements for Improvement Costs then being paid in the ratio (not to exceed 1:1) that the Improvement Allowance bears to the total Improvement Costs (as reasonably determined from time to time by Landlord).

4.5 Rent. If Tenant fails to make any payment when due under this Exhibit, such failure shall be deemed a failure to make a Rent payment under the Lease. Landlord shall have no obligation to make a disbursement from the Improvement Allowance if, at the time such disbursement is to be made, there exists an Event of Default or a condition which with notice and/or the passage of time would constitute an Event of Default.

4.6 Disbursement of Improvement Allowance.

a. Subject to the terms of this Exhibit, Landlord shall disburse the Improvement Allowance to Tenant for payment or reimbursement to Tenant, as the case may be, of the Improvement Costs for work in place (but not for costs arising from an Event of Default or from any facts or circumstances that could become an Event of Default, such as legal fees or bonding costs arising in connection with a mechanic's lien placed on the Premises or Tenant's interest therein). Landlord shall have the right to make Improvement Allowance disbursements to any party for whom Tenant has requested a disbursement or, following the occurrence of an Event of Default, directly to the Contractor.

b. Landlord shall be entitled to withhold from any requested disbursement for payment under the Construction Contract a retainage equal to the greater of the retainage set forth in the Construction Contract or 10% of amount due under the Construction Contract (the "Retainage").

c. Any provision of this Exhibit to the contrary notwithstanding, Tenant agrees that Landlord shall not be obligated to make a disbursement from the Improvement Allowance unless the following conditions have been satisfied or waived in writing by Landlord:

(i) Landlord shall not be obligated to disburse funds for materials stored off-site.

(ii) With respect to amounts payable under the Construction Contract or any other contract under which a mechanic's or materialmen's lien could arise (as reasonably determined by Landlord), Landlord shall have received from Tenant a request for payment, which request includes: (A) a copy of a certificate signed by the Architect certifying the then-percentage completion of the Leasehold Improvements, and approving payment of an amount at least equal to the amount set forth in Tenant's request for payment; (B) a submission by the Architect of AIA forms G-702 and G-703, or substantially similar forms (Landlord and Tenant agree that the retainage set forth in such forms is one and the same as the Retainage set forth above and that there will not be a separate or an additional retainage under such forms); (C) as applicable, proof of payment; and (D) conditional (subject only to payment)

(iii) releases of liens from the Contractor and any other relevant contractor or subcontractor for work for which Tenant requests a disbursement (collectively, the "Lien Waivers").

(iv) Provided Landlord has received a disbursement request from Tenant, together with the other items, certifications, Lien Waivers, etc. required under this Exhibit in connection with such disbursement on or before the 15th day of a month, Landlord shall make such disbursement not later than the last day of the following month. Landlord shall not be required to make more than 1 disbursement from the Improvement Allowance during any 30-day period.

(v) Landlord shall have inspected and approved the Leasehold Improvements performed for which disbursement has been requested, such approval not to be unreasonably withheld.

(vi) Landlord shall have no obligation to make a disbursement from the Improvement Allowance to the extent that there exists any unbonded lien against the Building or the Premises or Tenant's interest therein (including the cost to bond over the lien to the reasonable satisfaction of Landlord, plus Landlord's reasonable attorneys' fees) by reason of work done, or claimed to have been done, or materials supplied, or claimed to have been supplied, to or for Tenant for the Premises, or if the conditions to advances of the Improvement Allowance are not satisfied. Landlord shall notify Tenant in writing of the reasons that Landlord disputes disbursing any portion of the Improvement Allowance. Landlord shall withhold only such amounts as Landlord disputes in good faith and only such amounts as Landlord deems reasonably necessary to protect Landlord's interests. Landlord shall have no obligation to disburse any portion of the Improvement Allowance for the payment of any bond premiums required of Tenant under this Exhibit in connection with any liens filed or sought in connection with the Leasehold Improvements.

(vii) The Retainage shall be disbursed to Tenant 30 days after Substantial Completion of the Leasehold Improvements; provided, however, in no event shall the Retainage be disbursed to Tenant until such time as Tenant has complied with the requirements set forth in Section 3.2 and Section 5.3 hereof and the cost to correct punch list items would be less than $10,000.

(viii) With respect to Planning Costs incurred by Tenant, Landlord shall disburse to Tenant the amount requested by Tenant (not to exceed the Improvement Allowance, and subject to any limitations on soft cost disbursements set forth elsewhere in this Exhibit) within 30 days after Landlord receives a disbursement request from Tenant, which request shall include a reasonably detailed invoice from the professional for whom the disbursement is sought and a certification from Tenant that such professional has satisfactorily performed his/her or its services for which the disbursement is sought.

(ix) There shall exist no Event of Default and no condition which with notice and/or the passage of time would constitute an Event of Default.

4.7 Inspection of Leasehold Improvements. Landlord reserves the right to inspect and to be present during the performance of the Leasehold Improvements solely for the purpose of protecting Landlord's interest in the Building, but Landlord will have no obligation to so inspect or be present and, if Landlord elects to so inspect, or to be present during the performance of all or any portion of the Leasehold Improvements, neither such inspection nor such presence shall give rise to any liability by Landlord to Tenant or to any other person or entity.

5. Landlord's Work and Rules for Work.

5.1 Landlord's Work Complete. Tenant accepts the Premises in "AS IS" condition. Landlord shall have no obligation under the Lease, this Exhibit, or otherwise to make any improvements (including, without limitation, to perform any demolition) to the Premises or to deliver, provide or install any materials in, to, or at the Premises.

5.2 Conditions to Disbursement of Retainage. Prior to Landlord's disbursement of any portion of the Retainage, Tenant, at Tenant's expense, shall:

a. furnish evidence reasonably satisfactory to Landlord that the Leasehold Improvements have been paid for in full (other than any Leasehold Improvements to be paid for with the Retainage), that any and all liens therefor that have been or might be filed have been discharged of record (by payment, bond, order of a court of competent jurisdiction, or otherwise) or waived, and that no security interests relating to the Leasehold Improvements are outstanding and provide final Lien Waivers for all work that has been paid for and conditional (only on payment) lien waivers for any work not yet paid;

b. furnish to Landlord a copy of the Certificate of Occupancy and all other certifications and approvals with respect to the Leasehold Improvements that may be required from any governmental authority and/or any board or fire underwriters or similar body for the use and/or occupancy of the Premises;

c. furnish to Landlord proof of the insurance required by the Lease;

d. furnish an affidavit from the Architect certifying that the Leasehold Improvements have been completed substantially in accordance with the Plans; and

e. provide Landlord with the opportunity to inspect the Premises so that Landlord can be reasonably satisfied that Substantial Completion occurred in accordance with the Plans.

5.3 Additional Deliveries. Within 10 business days after Substantial Completion, Tenant, at Tenant's expense, shall furnish Landlord with:

a. 1 set of reproducible "as built" blueprints of the Premises, together with CAD/REVIT files;

b. an HVAC air balancing report reasonably satisfactory to Landlord;

c. copies of all guaranties and/or warranties; and

d. copies of all O&M information, manuals, etc.

5.4 Interference with Others. Tenant will make reasonable efforts not to materially obstruct or materially interfere with the rights of, or otherwise materially disturb or injure, other tenants of the Building during the performance of the Leasehold Improvements.

5.5 Rules and Regulations for Construction. Tenant shall cause the Contractor and each of the Contractor's subcontractors to adhere to the rules and procedures set forth in Exhibit C-1 attached hereto.

5.6 Insurance. Tenant shall cause the Contractor, at no cost to Landlord, to maintain and keep in full force and effect, the insurance required under Exhibit C-2, with such companies, and in such form and amounts as Landlord may reasonably require. Tenant shall, at no cost to Landlord, maintain and keep in full force and effect, the insurance required of Tenant under the Lease and this Exhibit. Prior to commencement of construction of the Leasehold Improvements, Landlord shall be provided with copies of insurance certificates indicating coverages as required by Exhibit C-2, are in full force and effect, and a copy of the executed Construction Contract.

EXHIBIT C-1
CONTRACTOR REQUIREMENTS

A. General

1. No work shall be commenced until the property management office is furnished with copies of all required permits for such work.

2. All demolition, removal or other types of work, which may inconvenience other tenants or disturb building operations, must be scheduled and performed before or after normal working hours. The property management office shall be notified at least 24 hours prior to commencement of such work.

3. All fire alarm testing must be performed after normal working hours.

B. Prior to commencement of Leasehold Improvements

1. Tenant shall deliver to Landlord, for Landlord's approval, which will not be unreasonably withheld, a list of all the contractors and subcontractors who will be performing the work.

2. The Contractor must obtain a performance and payment bond for the project. Bonding companies shall be licensed in the jurisdiction in which the Building is located. The bond premium shall be included in all bids. Bond form and agent shall be submitted for Landlord review prior to construction start.

3. Tenant shall deliver to Landlord 2 complete sets of permit plans and specifications properly stamped by a registered architect or professional engineer and shall deliver to Landlord any and all subsequent revisions to such plans and specifications.

4. It is Tenant's responsibility to obtain approval of plans and required permits from jurisdictional agencies. Tenant must submit copies of all approved plans and permits to the property management office and post the original permit on the Premises prior to commencement of any work. All work performed by a contractor or subcontractor shall be subject to Landlord's inspection.

C. Requirements and Procedures

1. At such time as other tenants shall occupy the Building, core drilling or cutting shall be permitted only between the hours of 7:00 p.m. and 7:00 a.m. Monday through Friday and 4:00 p.m. on Saturday through 7:00 a.m. on Monday. All core drilling/cutting must be approved by the Base Building structural engineer. X-rays of areas may be required at Landlord's engineer's discretion. The property management office must be notified at least 24 hours prior to commencement of such work.

2. Prior to the initiation of any construction activity in the Building, Tenant shall make arrangements for use of the loading dock and elevators with the property management office. Upon initiation of construction activity in the Building, Tenant shall make arrangements for use of the loading dock and elevators with the property management office 48 hours in advance. Notwithstanding the foregoing, Tenant shall not have a priority over future tenants and/or their contractors in the use of the elevators and loading dock. No material or equipment shall be carried under or on top of the elevators. If the building manager deems an elevator operator is required, such operator shall be provided by the general contractor at the general contractor's expense.

3. Tie-in of either fire alarm or sprinkler/fire suppression systems shall not occur until all other work related to such systems has been completed.

4. If a shutdown of risers and mains for electric, HVAC, sprinkler, fire protection, and plumbing work is required, work shall be scheduled with 24-hour advance notice. Drain downs or fill-ups of the sprinkler system or any other work to the fire protection system which may set off an alarm, must be accomplished between the hours of 7:00 p.m. and 7:00 a.m. Monday through Friday and 4:00 p.m. on Saturday through 7:00 a.m. on Monday.

5. The general contractor must:

   a. Properly supervise construction on the Premises at all times.

   b. Police the job at all times, continually keeping the Premises and Project orderly. All Tenant materials are to be reasonably neatly stacked.

   c. Maintain cleanliness and protection of all areas, including elevator and lobbies.

   d. Distribute I.D. badges, provided by Landlord, to all construction workers. Any construction worker without a valid badge will be escorted from the building. I.D. badges will be changed at the discretion of the property management office.

   e. If other tenants occupy the building, provide the property management office with a list of those who are expected on the job after hours or during a weekend. Tenant shall use its best efforts to submit such list by noon on the day in which after hours work is scheduled.

   f. Arrange for telephone service if necessary. The property management and security telephones will not be available for use by contractors.

   g. Block off supply and return grills, diffusers and ducts to keep dust from entering into the Building air system.

   h. Avoid and prevent the disturbance of other tenants.

   i. Tenant’s contractors and subcontractors may only park in parking areas at the Project specifically designated by Landlord.

6. If Tenant’s general contractor is negligent in any of its responsibilities, Landlord shall give Tenant notice of such negligence and a reasonable opportunity to cure such negligence (except in the case of emergencies or potential harm to persons or damage to property), at Tenant’s sole expense. If Tenant fails to cure timely such negligence, Landlord may elect to correct the same and Tenant shall be charged for the corrective work.

7. All equipment and material installation must be equal to the standards of workmanship and quality established for the Building.

8. Upon completion of the work, Tenant shall submit to the property management office properly executed forms or other documents indicating approval by all relevant agencies of the local government having jurisdiction over the Building whose approval is required for Tenant’s use and occupancy of the Premises.

9. Tenant shall submit to the property management office a final “as-built” set of drawings, together with CAD/REVIT files, showing all items of work in full detail.

10. Contractors who require security for the Premises during construction shall provide same at their sole expense. Landlord will not be liable for any stolen items from Tenant’s work area. It is suggested that the contractor and subcontractors use only tools and equipment bearing an identification mark denoting the contractor and subcontractor’s name.

11. All contractors/subcontractors/employees will enter and exit through the loading dock area, and use the freight elevator. Building passenger elevators may not be used.

12. Prior to the commencement of construction, Landlord and Tenant will inspect the Building, and Tenant will prepare and deliver to Landlord a memorandum setting forth any pre-construction damages to the Building. Any damage caused by the contractor to existing work of others shall be repaired or replaced at the sole cost and expense of the contractor to Landlord's satisfaction.

13. The contractor shall be responsible for the protection of finished surfaces of public areas (floors, walls, ceiling, etc.).

14. Contractors will be permitted to use restroom facilities only on the floors on which construction services are being provided. Any damages to these facilities will be repaired by the contractor at its sole cost and expense. Landlord will provide no janitorial services to such restrooms.

15. Tenant shall pay all utility costs after the delivery of the Premises to Tenant, and during any construction period. If required by Landlord at any time during the completion of the Leasehold Improvements, Tenant shall install, at Tenant's sole cost and expense, electric submeters on each floor of the Premises. All electric power to Tenant's contractor and subcontractors' tools shall be powered through such submeters. Tenant shall pay Landlord for use of such electric power within 10 days after written demand. If Tenant requests that Landlord provide central heating or air conditioning, Tenant shall be charged the then-prevailing hourly rate for such central heating or air conditioning service.

16. The contractor must arrange to have freight or stock received by its own forces. Contractors and subcontractors are required to submit to the property management office a written request for dock space for offloading materials and/or equipment required to construct Tenant's space. All requests are to include the name of the supplier/hauler, time of expected arrival and departure from Landlord's dock facility, name of contractors and subcontractors designated to accept delivery, and the location that the materials/equipment will be transported by the contractor/subcontractor. Disregard for this requirement will result in those vehicles being moved at the vehicle owner's expense. Under no circumstances will a vehicle be parked and left in the loading dock. The contractor must provide for storage and removal of all trash at the contractor's expense. The contractor is not allowed to use the building trash dumpster under any circumstances. Any building materials left in loading dock, service corridor, stairwell, garage, on the site, etc. will be removed from the Project at the contractor's expense. Upon delivery of materials to the loading dock, tools, supplies, equipment, etc., the transport vehicle must be removed from the loading dock prior to the materials being carried to the worksite.

EXHIBIT C-2
INSURANCE REQUIREMENTS

The Contractor shall, throughout the duration of any contract or any work authorized under purchase order, at its expense, carry and from time to time renew worker's compensation insurance, and commercial general liability insurance in the amount of $5,000,000, single limit covering both bodily injury and property damage, including any indemnity and hold harmless clause Landlord may reasonably require, in such amounts Landlord may approve. An insurance certificate in the customary form, naming Landlord and Landlord's property manager as additional insureds and evidencing that premiums therefor have been paid, shall be delivered to Landlord simultaneously with the execution of any contract and prior to performing any work authorized under a purchase order and within 15 days prior to expiration of such insurance a like certificate shall be delivered to Landlord evidencing the renewal of such together with evidence satisfactory to Landlord of payment of the premium. All certificates must contain a provision that if such policies are canceled or changed during the periods of coverage as stated therein, in such a manner as to affect this certificate, written notice will be mailed to Landlord by registered mail 10 days prior to such cancellation or change.

BASE PREMISES CONDITION

"Base Premises Condition" shall mean the condition of the Premises completed with the following improvements, all of which shall be completed by Landlord's sole cost and expense, in the Premises prior to the Commencement Date of the Lease:

1. Core walls and ground elevator lobby areas completed to Building Standard condition for public areas.
2. Broom clean unfinished concrete floors throughout the Premises, completed to a tolerance of ¼ inch per 10 feet.
3. A capacity of five (5) watts per square foot of Rentable Floor for low voltage electrical consumption (120/208 volts) and one (1) one watt per square feet of Rentable Floor Area for lighting (277/480 volts) will be available at one location on each floor.
4. Men's and women's restroom facilities with Building Standard finishes located on each floor which the Premises are located, completed in accordance with applicable code.
5. Fan powered heat boxes installed at Building perimeter with VAVs and Building core areas.
6. Sprinkler risers and main loop on each floor with sprinkler heads turned up at a ratio of 1 per 225 square feet.
7. Exit lights and fire alarms as required by code for Shell Building.
8. Sound insulation at core.
9. Building Standard doors of 9'-0" x 3' x 0" at core doors.
10. Building Standard stairwells between all floors completed.
11. Building Standard passenger elevators sufficient to provided passenger and freight service to the Premises.
12. Access at core to domestic cold water, waste and vent systems.
13. Four (4) Building Standard drinking fountains per floor.
14. Building Standard telephone closets and telephone boards installed two (2) per each floor and finished in sheetrock.
15. All interior walls taped and bedded.

RULES AND REGULATIONS

1. Sidewalks, entrances, passages, elevators, vestibules, stairways, corridors, halls, lobby, and any other part of the Building shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress or egress to and from the Premises. Landlord shall have the right to control and operate the common portions of the Building and exterior facilities furnished for common use of the Building's tenants (such as the eating, smoking, and parking areas) in such a manner as Landlord deems appropriate.

2. No awnings or other projections may be attached to the outside walls of the Building without the prior written consent of Landlord. All drapes and window blinds shall be of a quality, type, design, and color, and attached in a manner approved in writing by Landlord.

3. No showcases, display cases, or other articles may be put in front of or affixed to any part of the exterior of the Building, or placed in hallways or vestibules without the prior written consent of Landlord. All supplies shall be kept in designated storage areas. Tenant shall not use or permit the use of any portion of the Project for outdoor storage. No mats, trash, or other objects may be placed in the public corridors, hallways, stairs, or other common areas of the Building.

4. Restrooms and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no debris, rubbish, rags, or other substances may be thrown therein. Only standard toilet tissue may be flushed in commodes. All damage resulting from any misuse of these fixtures shall be the responsibility of the tenant who, or whose employees, agents, visitors, clients, or licensees, caused such damage. Bathing and changing of clothes is permitted only in designated shower/locker facilities, and is not permitted in restrooms.

5. Tenant shall not, without the prior written consent of Landlord, mark, paint, drill into, bore, cut, string wires, or in any way deface any part of the Premises or the Building except for the reasonable hanging of decorative or instructional materials on the walls of the Premises. Tenant shall remove seasonal decorations that are visible outside of the Premises within 30 days after the end of the applicable season.

6. Tenant shall not construct, install, maintain, use, or operate in any part of the Project any electrical device, wiring, or other apparatus in connection with a loud speaker system or other sound/communication system that may be heard outside the Premises.

7. No bicycles, mopeds, skateboards, scooters, or other vehicles may be brought into, used, or kept in or about the Building or in the common areas of the Project other than in locations specifically designated thereof. No animals or pets of any kind (other than a service animal performing a specified task), including without limitation fish, rodents, and birds, may be brought into, used, or kept in or about the Building. Rollerblading and roller skating is not permitted in the Building or in the common areas of the Project.

8. Tenant shall not cause or permit any unusual or objectionable odors to be produced upon or permeate from the Premises.

9. No space in the Project may be used for the manufacture of goods for sale in the ordinary course of business, or for sale at auction of merchandise, goods, or property of any kind.

10. Tenant shall not make any unseemly or disturbing noises, or disturb or interfere with the occupants of the Building or neighboring buildings or residences by voice, musical instrument, radio, talking machines, whistling, singing, lewd behavior, or in any other way. All passage through the Building's hallways, elevators, and main lobby shall be conducted in a quiet, businesslike manner. Tenant shall not commit or

suffer any waste upon the Premises, the Building or the Project, or any nuisance, or do any other act or thing that may disturb the quiet enjoyment of any other tenant in the Building or Project.

11. Tenant shall not throw anything out of the doors, windows, or down corridors or stairs of the Building.

12. Tenant shall not place, install, or operate in the Premises or in any part of the Project, any engine, stove, machinery, or electrical equipment not directly related to its business, including without limitation space heaters, coffee cup warmers, and small refrigerators, conduct mechanical operations, cook thereon or therein, or place or use in or about the Premises or the Project any explosives, gasoline, kerosene oil, acids, caustics, canned heat, charcoal, or any other flammable, explosive or hazardous material, without the prior written consent of Landlord. Notwithstanding the foregoing, Tenant shall have the right to install and use a coffee machine, microwave oven, toaster, ice maker, refrigerator, and/or vending machine in compliance with all applicable Laws in a kitchen or break room designated as such by Landlord, provided Tenant shall use only stainless steel braided hoses. All supply waterlines shall be of copper (not plastic) tubing.

13. No smoking (including without limitation of cigarettes, cigars, and e-cigarettes) is permitted anywhere in the Premises, the Building, or the Project, including but not limited to restrooms, hallways, elevators, stairs, lobby, exit and entrance vestibules, sidewalks, and parking lot areas, provided smoking shall be permitted in any Landlord-designated exterior smoking area. All cigarette ashes and butts shall be deposited in the containers provided for such disposal, and shall not be disposed of on sidewalks, parking lot areas, or toilets.

14. Tenant shall not install any additional locks or bolts of any kind upon any door or window of the Building without the prior written consent of Landlord. Tenant shall, upon the termination of its tenancy, return to Landlord all keys for the Premises, either furnished to or otherwise procured by Tenant, and all security access cards to the Building.

15. Tenant shall keep all doors to hallways and corridors closed during Business Hours except as they may be used for ingress or egress.

16. Tenant shall not use the name of the Building, Project, Landlord, or Landlord's agents or affiliates in any way in connection with its business except as the address thereof. Landlord shall also have the right to prohibit any advertising by Tenant that, in Landlord's sole opinion tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

17. Tenant shall be responsible for all security access cards issued to it, and shall secure the return of all security cards from all employees terminating employment with them. Lost cards shall cost $35.00 per card to replace. No person/company other than Building tenants and/or their employees may have security access cards unless Landlord grants prior written approval.

18. All deliveries to the Building that involve the use of a hand cart, hand truck, or other heavy equipment or device shall be made via the freight elevator, if such freight elevator exists in the Building. Tenant shall be responsible to Landlord for any loss or damage resulting from any deliveries made by or for Tenant to the Building. Tenant shall procure and deliver to landlord a certificate of insurance from its movers, which certificate shall name Landlord as an additional insured.

19. Landlord reserves the right to inspect all freight to be brought into the Building, and to exclude from the Building all freight or other material that violates any of these rules and regulations.

20. Tenant shall refer all contractors, contractor's representatives, and installation technicians rendering any service on or to the Premises, to Landlord for Landlord's approval and supervision before performance of any contractual service or access to Building. This provision shall apply to all work performed in the Building including installation of telephones, telegraph equipment, electrical devices and attachments, and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment, or any other physical portion of the Building. Landlord reserves the right to require that all agents of contractors and vendors sign in and out of the Building.

21. If Tenant desires to introduce electrical, signaling telegraphic, telephonic, protective alarm or other wires, apparatus or devices, Landlord shall direct where and how the same are to be placed, and except as so directed, no installation boring or cutting shall be permitted, without Landlord's consent, not to be unreasonably withheld, conditioned, or delayed. Landlord shall have the right to prevent and to cut off the transmission of excessive or dangerous current of electricity or annoyances into or through the Building or the Premises and to require the changing of wiring connections or layout at Tenant's expense, to the extent that Landlord may reasonably deem necessary, and further to require compliance with such reasonable and uniformly applied rules as Landlord may establish relating thereto, and in the event of non-compliance with the requirements or rules, Landlord shall have the right immediately to cut wiring or to do what it reasonably considers necessary to remove the danger, annoyance, or electrical interference with apparatus in any part of the Building. All wires installed by Tenant must be clearly tagged at the distributing boards and junction boxes and elsewhere where required by Landlord, with the suite number of the office to which such wires lead, and the purpose for which the wires respectively are used, together with the name of the concern, if any, operating such wires.

22. Landlord reserves the right to exclude from the Building at all times any person who is not known or does not properly identify himself or herself to Landlord's management or security personnel.

23. Landlord may require, at its sole option, all persons entering the Building outside of Business Hours to register at the time they enter and at the time they leave the Building.

24. No space within the Building, or in the common areas such as the parking lot, may be used at any time for the purpose of lodging, sleeping, or for any immoral or illegal purposes.

25. Tenant shall not use the hallways, stairs, lobby, or other common areas of the Building as lounging areas during breaks or during lunch periods.

26. No canvassing, soliciting, or peddling is permitted in the Building or its common areas.

27. Tenant shall comply with all Laws regarding the collection, sorting, separation, and recycling of garbage, trash, rubbish and other refuse, and Landlord's recycling policy for the Building.

28. Landlord does not maintain suite finishes that are non-standard, such as kitchens, bathrooms, wallpaper, special lights, etc. However, should the need arise for repair of items not maintained by Landlord, Landlord at its sole option, may arrange for the work to be done at tenant's expense.

29. Tenant shall clean at least once a year, at its expense, drapes in the Premises that are visible from the exterior of the Building.

30. No pictures, signage, advertising, decals, banners, etc. may be placed in or on windows in such a manner as they are visible from the exterior, without the prior written consent of Landlord.

31. Tenant is prohibited at all times from eating or drinking in hallways, elevators, restrooms, lobbies, or lobby vestibules outside of the Premises. Food storage shall be limited to a Landlord-approved kitchen or break room.

32. Tenant shall be responsible to Landlord for any acts of vandalism performed in the Building by its employees, invitees, agents, contractors, licensees, subtenants, and assignees.

33. Tenant shall not permit the visit to the Premises of persons in such numbers or under such conditions as to interfere with the use and enjoyment by other tenants of the entrances, hallways, elevators, lobby, exterior common areas, or other public portions or facilities of the Building.

34. Landlord's employees shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord. Requests for such requirements shall be submitted in writing to Landlord.

35. Tenant is prohibited from interfering in any manner with the installation and/or maintenance of the heating, air conditioning and ventilation facilities and equipment at the Project.

36. Landlord shall not be responsible for lost or stolen personal property, equipment, money, or jewelry regardless of whether such loss occurs when an area is locked against entry or not.

37. Landlord shall not permit entrance to the Premises by use of pass key controlled by Landlord, to any person at any time without written permission of Tenant, except employees, contractors or service personnel supervised or employed by Landlord.

38. Tenant shall observe and comply with the driving and parking signs and markers on the Project grounds and surrounding areas. Tenant shall comply with all reasonable and uniformly applied parking regulations promulgated by Landlord from time to time for the orderly use of vehicle parking areas. Parked vehicles shall not be used for vending or any other business or other activity while parked in the parking areas. Vehicles shall be parked only in striped parking spaces, except for loading and unloading, which shall occur solely in zones marked for such purpose, and be so conducted as to not unreasonably interfere with traffic flow or with loading and unloading areas of other tenants. Tractor trailers shall be parked in areas designated for tractor trailer parking. Employee and tenant vehicles shall not be parked in spaces marked for visitor parking or other specific use. All vehicles entering or parking in the parking areas shall do so at owner's sole risk and Landlord assumes no responsibility for any damage, destruction, vandalism, or theft. Tenant shall cooperate with Landlord in any reasonable and uniformly applied measures implemented by Landlord to control abuse of the parking areas, including without limitation access control programs, tenant and guest vehicle identification programs, and validated parking programs, provided no such validated parking program shall result in Tenant being charged for spaces to which it has a right to free use under the Lease. Each vehicle owner shall promptly respond to any sounding vehicle alarm or horn, and failure to do so may result in temporary or permanent exclusion of such vehicle from the parking areas. Any vehicle that violates the parking regulations may be cited, towed at the expense of the owner, temporarily or permanently excluded from the parking areas, or subject to other lawful consequence.

39. Tenant shall not enter other separate tenants' hallways, restrooms, or premises except with prior written approval from Landlord's management.

40. Tenant shall not place weights anywhere beyond the load-per-square-foot carrying capacity of the Building.

41. Tenant shall comply with all laws, regulations, or other governmental requirements with respect to energy savings, not permit any waste of any utility services provided Landlord, and cooperate with Landlord fully to ensure the most effective and efficient operation of the Building.

42. The finishes, including floor and wall coverings, and the furnishings and fixtures in any areas of the Premises that are visible from the common areas of the Building are subject to Landlord's approval in its sole discretion. Selections for these areas shall be pre-approved in writing by Landlord.

43. Power strips and extension cords shall not be combined (also known as daisy chaining).

44. Candles and open flames are prohibited in the Building.

45. Guns, firearms, and other dangerous weapons (concealed or otherwise) are not allowed at the Project, subject to applicable Law (if any) requiring Landlord to so permit at the Project.

Landlord reserves the right to rescind any of these rules and make such other and further rules and regulations as in the judgment of Landlord shall from time to time be needed for the safety, protection, care, and cleanliness of the Project, the operations thereof, the preservation of good order therein, and the protection and comfort of its tenants, their agents, employees, and invitees, which rules when made and notice thereof given to Tenant shall be binding upon Tenant in a like manner as if originally prescribed. As used in these rules and regulations, capitalized terms shall have the respective meanings given to them in the Lease to which these rules and regulations are attached, provided Tenant shall be responsible for compliance herewith by everyone under Tenant's reasonable control, including without limitation its employees, invitees, agents, contractors, licensees, subtenants and assignees, and a violation of these rules and regulations by any of the foregoing is deemed a violation by Tenant.

EXHIBIT E
FORM OF LOC

ISSUING BANK: _____ EXPIRY DATE: _____
ISSUE DATE: _____
LETTER OF CREDIT NUMBER: _____
AMOUNT: $_____

BENEFICIARY:

_____
555 E. Lancaster Avenue, Suite 100
Radnor, PA 19087
Attn: Chantel Hull

APPLICANT:

_____
_____
_____
_____

RE: _____
ACCOUNT # _____

We hereby issue this irrevocable standby letter of credit in Beneficiary's favor which is available by payment against drafts drawn at _____ bearing the clause: "drawn under irrevocable standby letter of credit no. _____".

Issuer shall pay the amount of this letter of credit upon presentation of the following: (i) the original of this letter of credit, or a copy thereof in the event that the amount drawn upon is less than the full amount of this letter of credit or the remaining undrawn amount of this letter of credit; (ii) sight draft executed by an officer or authorized representative of the Beneficiary, in the amount being drawn upon under the letter of credit; and (iii) a statement, certified as true, by an officer of the Beneficiary or its duly authorized representative, which states that: (A) the tenant has failed to comply with or perform under the terms and conditions of that certain lease between Beneficiary, as landlord and _____, as tenant dated_____, as such lease may be amended from time to time; (B) a petition has been filed by or against tenant commencing a case under Title 11 of the United States Code, or a case has been commenced by or against tenant under other state or federal bankruptcy laws; or (C) the beneficiary, or its successors and assigns, has failed to receive an amendment to this letter of credit extending the expiration date of this letter of credit for a period of not less than one (1) year, in form and substance acceptable to beneficiary, or its successors and assigns, at least sixty (60) days prior to the expiration date of this letter of credit."

SPECIAL CONDITIONS: - [This Letter of Credit shall expire sixty (60) days after the expiration of the term of the lease] or [This Letter of Credit shall automatically renew on an annual basis absent sixty (60) days' prior written notice to the contrary to Beneficiary.]

This letter of credit shall be freely transferrable by the Beneficiary. Notwithstanding anything to the contrary herein or in any document in connection with this Letter of Credit, Beneficiary shall have the right to provide a certificate of incumbency in lieu of a signature guaranty.

PRESENT DOCUMENTS TO: _____
_____
_____
ATTN:_____

Except so far as otherwise expressly stated herein, this Standby Letter of Credit is subject to the ''International Standby Practices'' (ISP 98) International Chamber of Commerce (Publication No. 590).

_____
AUTHORIZED SIGNATURE

EXHIBIT F
AUSTIN ENERGY GREEN BUILDING REQUIREMENTS

ENCINO TRACE
TENANT BUILDING STANDARDS AGREEMENT
[Pertaining to Austin Energy Green Building Requirements v. 1.2010.02]
REVISED 1-16-2015

Encino Trace is pursuing **a minimum of a 2 star Austin Energy Green Building (AEGB) Commercial Rating**. As such Tenants of **Encino Trace** will be required to Design and Construct interior spaces in conformance with this tenant agreement. The tenant will be responsible for submitting all required documentation to AEGB to ensure conformance.

The AEGB Commercial Rating Guidebook v.2010_02 rating can be found on Austin Energy's website at: www.greenbuilding.austinenergy.com The guidebook details requirements for each point.

The AEGB online commercial rating can be found on the website at:
https://www.greenbuildingsystem.austinenergy.com

POINTS *below are those that Encino Trace project has indicated as potential points for core & shell building and/or would affect the interior tenant.*

Basic Requirements

BR-1 Plans and Specifications

- The Tenant agrees to provide plans and specifications to the Landlord at each of the following milestones, at a minimum: 100% Design Development, 50% Construction Documents, Building Permit Set.

BR-2 Current Regulations

- The Tenant agrees to meet current City of Austin Codes with local amendments (including but not limited to energy, building, mechanical, plumbing, electrical, and current drainage and water quality standards applicable in project watershed).

BR-3 Building Systems Commissioning

- The Tenant agrees to provide basic Commissioning for any tenant-provided building systems, including basis of design, specifications, plans, verification, control sequencing, operations, and maintenance manuals, reports, and training for maintenance staff.

BR-4 Building Energy Use Efficiency

- The Tenant agrees to outperform the current City of Austin Energy Code building interior lighting requirement by **15%** and limit watts to **0.85 watts per square foot** for tenant area lighting.

BR-5 Building Water Use Reduction

- The Tenant agrees to provide high efficiency plumbing fixtures for any tenant construction to reduce consumption of water for indoor use. Install water efficient flush and flow fixtures that meet the volume and flow rates for standard plumbing fixtures as follows:

  Water Closets – 1.28 gpf average maximum
  Urinals – 0.5 gpf maximum
  Public Lavatories – 0.5 gpm maximum
  Private Lavatories 2.2 gpm maximum

Kitchen/Break room Sinks – 2.2 gpm maximum
Showerhead – 2.5 gpm maximum

BR-6 Low VOC Interior Paints and Coatings

- The Tenant agrees to provide Low VOC Interior Paints and Coatings. All paints, primer and anti-corrosive coatings applied on-site to the building interior must not exceed the VOC limit of the Green Seal Environmental Standard GS-11, 3rd Edition January 1, 2010 as shown below:

Paint Type	VOC Limit (g/L)*
Non-flat Topcoat	100
Flat Topcoat	50
Primer	100
Anti-Corrosive Coating	250

Interior coatings applied on-site to the interior of the building must not exceed the current limit of SCAQMD Rule 1113 for clear wood finishes, floor coating, stains, sealers, and shellacs, and all other applicable coatings.

BR-7 Storage and Collection of Recyclables

- The Tenant agrees to provide easily-accessible, clearly-marked areas dedicated to the separation, collection, and storage of materials for recycling within the tenant space.

BR-8 Construction Waste Management

- The Tenant agrees to recycle and/or salvage at least 50% (by weight) of non-hazardous construction and demolition waste for tenant construction. Tenant contractor must demonstrate results by completing the AEGB Construction Waste Calculator and submitting weight tickets to AEGB.

Energy

E-4 Additional Commissioning

- For any Tenant-provided building system, the Tenant agrees to provide additional Commissioning, including Commissioning Authority (CA) to conduct design document review prior to 50% CDs, demonstrate that all energy systems operate according to OPR and BOD narratives, demonstrate that Building Envelope performs according to OPR and BOD narratives, provide seasonal re-commissioning through the warranty period, CA to complete commissioning report and register with Energy Star Portfolio Manager.

Water

W-2 Indoor Potable Water Use Reduction

- For any Tenant-provided plumbing fixture, the Tenant agrees to reduce indoor potable water consumption below the baseline by 15%. The volume and flow rates for standard plumbing fixtures used to establish the baseline are set by the current ASME/ANSI Standards and City of Austin Ordinance No. 20100624-146.

Indoor Environmental Quality

IEQ-2 Indoor Chemical & Pollutant Sources

- For any tenant rooms in which particulate matter is generated by certain types of equipment and/or chemical use, i.e. some print/copy rooms , janitorial closets, laboratories, chemical storage rooms, etc., the tenant will isolate room(s) by constructing a full height deck to deck partition or a hard lid ceiling enclosure; provide ventilation directly to the outside of the building; and operate mechanical systems at a negative pressure relative to surrounding areas under all operating conditions by testing.

IEQ-3 Green Housekeeping

- The Landlord agrees to implement a green housekeeping plan for the cleaning and maintenance of the building, including staff training and purchasing of sustainable products for cleaning, disposable janitorial paper products and trash bags. Any tenant-provided cleaning and maintenance products and/or practices must adhere to the Landlord's green housekeeping plan.

IEQ-4 Daylighting

- The Tenant agrees to integrate effective daylighting systems with electric lighting systems and controls to optimize daylighting strategies and minimize energy consumption and heat generation.

IEQ-7 Low-Emitting Materials

- The Tenant agrees to provide low-emitting building materials to reduce toxic pollution and waste and to promote good indoor air quality. All installed sealants and adhesives shall meet South Coast Air Quality Management District (SCAQMD) standards Rule 1168. (see Exhibit B for limits). All carpet must be Green Label Plus certified. All carpet cushion must be Green Label certified. All carpet adhesives must have VOC content of 50 g/L or less. All of the hard surface flooring, including vinyl, linoleum, laminate flooring, and rubber flooring must be FloorScore certified. All engineered wood flooring and laminate flooring must contain no added urea-formaldehyde resins. Concrete, tile, wood, bamboo, and cork floor finishes, such as sealers and stains, must meet the requirements of SCAQMD Rule 1113. Tile setting adhesives and grout must meet SCAQMD rule #1168. All Composite wood and agrifiber products (particleboard, medium density fiberboard, wheatboard, strawboard, panel substrates, door cores, and plywood) shall contain no added urea-formaldehyde.

IEQ-8 Moisture Prevention

- The Tenant agrees to protect against building moisture infiltration by avoiding potentially damaging results of condensation that may occur within an exterior wall system. To this extent, the tenant agrees no vinyl wall coverings or other vapor barriers, such as fiber reinforced plastic or vinyl (FRP or FRV) will be installed as the finish material on the interior of any exterior wall.

IEQ-10 Outdoor Pollutant Sources

- The Landlord will provide designated smoking areas outside of the building where smoking will be permitted. The Tenant agrees to prohibit smoking in all building interior and exterior spaces, except where specifically designated outside of the building.

IEQ-11 Construction Indoor Air Quality

- The Tenant agrees to prevent indoor air quality problems that result from the tenant construction process by developing and implementing a Construction Indoor Air Quality Management plan that meets or exceeds the recommended control measures of the Sheet Metal and Air Conditioning National Contractor's Association (SMACNA) "IAQ Guidelines for Occupied Building Under Construction". The plan should include each of these key areas of IAQ protection: Scheduling, source control, HVAC protection, pathway interruption, and housekeeping. In addition, the tenant contractor shall protect stored on-site or installed absorptive materials from moisture damage and provide filtration media filter with a minimum MERV of 8 at each return grille, which will also be replaced immediately prior to occupancy.

Materials and Resources

MR-1 Additional Construction Waste Management

- For the tenant construction, the Tenant agrees to recycle and/or salvage at least 75% (by weight) of non-hazardous construction and demolition waste excluding excavated soil and stone.

MR-5 Recycled Content

- For the tenant construction, the Tenant agrees to incorporate building materials containing recycled content of at least 10% dollar value of the total project building material cost.

MR-6 Texas Sourced Materials

- For the tenant construction, the Tenant agrees to incorporate building materials which are extracted and/or manufactured (final assembly) regionally within Texas for at least 30% dollar value of the project material cost.

MR-7 Certified Wood

- For the tenant construction, the Tenant agrees to incorporate at least 50% (dollar value) of new wood-based materials which are certified in accordance with the Forest Stewardship Council (FSC) guidelines for wood building components.

EXHIBIT G

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is dated as of the _____ day of _____, 201__, between _____ ("Lender"), and _____, a_____ (the "Tenant").

RECITALS

A. Tenant is the tenant under a certain lease ("Lease") dated _____, with _____ _____, a _____("Landlord") or its predecessor in interest, of premises described in the Lease ("Premises") located in a certain building located at _____ and more particularly described in Exhibit A attached hereto and made a part hereof ("Property").

B. This Agreement is being entered into in connection with a mortgage loan ("Loan") previously made to Landlord and currently held by Lender, secured by, among other things:(a) a first mortgage, deed of trust or deed to secure debt on and of the Property ("Mortgage") previously recorded with the registry or clerk of the county in which the Property is located ("Registry"); and (b) a first assignment of leases and rents on the Property ("Assignment of Leases and Rents") recorded with the Registry. The Mortgage, the Assignment of Leases and Rents and all other Loan documents are hereinafter collectively referred to as the ("Security Documents").

AGREEMENT

For mutual consideration, including the mutual covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Tenant agrees that the Lease is and shall be subject and subordinate to the Security Documents and to all present or future advances under the obligations secured thereby and all renewals, amendments, modifications, consolidations, replacements and extensions of the secured obligations and the Security Documents, to the full extent of all amounts secured by the Security Documents from time to time. Said subordination is to have the same force and effect as if the Security Documents and such renewals, modifications, consolidations, replacements and extensions thereof had been executed, acknowledged, delivered and recorded prior to the Lease, any amendments or modifications thereof and any notice thereof. Nothing contained in this Agreement shall limit, affect, alter or impair (or be deemed to limit, affect, alter or impair) any of Landlord's obligations, duties, agreements, covenants or liabilities under the Security Documents or any of Lender's rights or remedies under the Security documents. In addition, nothing contained in this Agreement shall in any way impair or affect the lien created by the Security Documents.

2. Lender agrees that, if the Lender exercises any of its rights under the Security Documents, including an entry by Lender pursuant to the Mortgage or a foreclosure of the Mortgage, Lender shall not disturb Tenant's right of quiet possession of the Premises under the terms of the Lease so long as Tenant is not in default beyond any applicable grace period of any term, covenant or condition of the Lease.

3. Tenant agrees that, in the event of a foreclosure of the Mortgage by Lender or the acceptance of a deed in lieu of foreclosure by Lender or any other succession of Lender to fee ownership, Tenant will attorn to and recognize Lender as its landlord under the Lease for the remainder of the term of the Lease (including all extension periods which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Lease, and Tenant hereby agrees to pay and perform all of the obligations of Tenant pursuant to the Lease.

4. Tenant agrees that, in the event Lender succeeds to the interest of Landlord under the Lease, Lender shall not be:

a. liable for any act or omission of any prior Landlord (including, without limitation, the then defaulting Landlord), or

b. subject to any defense or offsets which Tenant may have against any prior Landlord (including, without limitation, the then defaulting Landlord), or

c. bound by any payment of rent or additional rent which Tenant might have paid for more than one month in advance of the due date under the Lease to any prior Landlord (including, without limitation, the then defaulting Landlord), or

d. bound by any obligation to make any payment to Tenant which was required to be made prior to the time Lender succeeded to any prior Landlord's interest, or

e. accountable for any monies deposited with any prior Landlord (including security deposits), except to the extent such monies are actually received by Lender, or

f. bound by any surrender, termination, amendment or modification of the Lease made without the consent of Lender.

g. bound by or obligated to complete any improvements or construction on the Property or to pay or reimburse Tenant for any tenant improvement allowance or construction allowance.

5. Tenant agrees that, notwithstanding any provision hereof to the contrary, the terms of the Security Documents shall continue to govern with respect to the disposition of any insurance proceeds or eminent domain awards, and any obligations of Landlord to restore the real estate of which the Premises are a part shall, insofar as they apply to Lender, be limited to insurance proceeds or eminent domain awards received by Lender after the deduction of all costs and expenses incurred in obtaining such proceeds or awards.

6. Tenant hereby agrees to give to Lender copies of all notices of Landlord default(s) under the Lease in the same manner as, and whenever, Tenant shall give any such notice of default to Landlord, and no such notice of default shall be deemed given to Landlord unless and until a copy of such notice shall have been so delivered to Lender. Lender shall have the right to remedy any Landlord default under the Lease, or to cause any default of Landlord under the Lease to be remedied, and for such purpose Tenant hereby grants Lender such additional period of time as may be reasonable to enable Lender to remedy, or cause to be remedied, any such default in addition to the period given to Landlord for remedying, or causing to be remedied, any such default. Tenant shall accept performance by Lender of any term, covenant, condition or agreement to be performed by Landlord under the Lease with the same force and effect as though performed by Landlord. No Landlord default under the Lease shall exist or shall be deemed to exist (i) as long as Lender, in good faith, shall have commenced to cure such default within the above referenced time period and shall be prosecuting the same to completion with reasonable diligence, subject to force majeure, or (ii) if possession of the Premises is required in order to cure such default, or if such default is not susceptible of being cured by Lender, as long as Lender, in good faith, shall have notified Tenant that Lender intends to institute proceedings under the Security Documents, and, thereafter, as long as such proceedings shall have been instituted and shall be prosecuted with reasonable diligence. In the event of the termination of the Lease by reason of any default thereunder by Landlord, upon Lender's written request, given within thirty (30) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to Lender or its designee or nominee a new lease of the Premises for the remainder of the term of the Lease upon all of the terms, covenants and conditions of the Lease. Lender shall have the right, without Tenant's consent, to foreclose the Mortgage or to accept a deed in lieu of foreclosure of the Mortgage or to exercise any other remedies under the Security Documents.

7. Tenant hereby consents to the Assignment of Leases and Rents from Landlord to Lender in connection with the Loan. Tenant acknowledges that the interest of the Landlord under the Lease is to be assigned to Lender solely as security for the purposes specified in said assignments, and Lender shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignments or by any subsequent receipt or collection of rents thereunder, unless Lender shall specifically undertake such liability in writing or unless Lender or its designee or nominee becomes, and then only with respect to periods in which Lender or its designee or nominee becomes, the fee owner of the Premises. Tenant agrees that upon receipt of a written notice from Lender of a default by Landlord under the Loan, Tenant will thereafter, if requested by Lender, pay rent to Lender in accordance with the terms of the Lease.

8. The Lease shall not be assigned by Tenant, modified, amended or terminated (except a termination that is permitted in the Lease without Landlord's consent) without Lender's prior written consent in each instance

9. Any notice, election, communication, request or other document or demand required or permitted under this Agreement shall be in writing and shall be deemed delivered on the earlier to occur of (a) receipt or (b) the date of delivery, refusal or nondelivery indicated on the return receipt, if deposited in a United States Postal Service Depository, postage prepaid, sent certified or registered mail, return receipt requested, or if sent via a recognized commercial courier service providing for a receipt, addressed to Tenant or Lender, as the case may be, at the following addresses:

If to Tenant:

with a copy to:

If to Lender:

10. The term "Lender" as used herein includes any successor or assign of the named Lender herein, including without limitation, any co-lender at the time of making the Loan, any purchaser at a foreclosure sale and any transferee pursuant to a deed in lieu of foreclosure, and their successors and assigns, and the terms "Tenant" and "Landlord" as used herein include any successor and assign of the named Tenant and Landlord herein, respectively; provided, however, that such reference to Tenant's or Landlord's successors and assigns shall not be construed as Lender's consent to any assignment or other transfer by Tenant or Landlord.

11. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to be enforceable, or if such modification is not practicable, such provision shall be deemed deleted from this Agreement, and the other provisions of this Agreement shall remain in full force and effect, and shall be liberally construed in favor of Lender.

12. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought.

13. This Agreement shall be construed in accordance with the laws of the state of in which the Property is located.

14. The person executing this Agreement on behalf of Tenant is authorized by Tenant to do so and execution hereof is the binding act of Tenant enforceable against Tenant.

Witness the execution hereof [under seal] as of the date first above written.

LENDER:

_____

By _____
Name:
Title:

TENANT:

By _____
Name:
Title:

The undersigned Landlord hereby consents to the foregoing Agreement and confirms the facts stated in the foregoing Agreement.

LANDLORD:

By _____
Name:
Title:

State of _____)
) **ss.**
County of _____)

On this _____ day of _____, 20__, before me, the undersigned Notary Public, personally appeared _____, proved to me through satisfactory evidence of identification, which was/were _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose(s) as _____ for .

_____ (Seal)
Signature of Notary

My commission expires: _____

State of _____)
) **ss.**
County of _____)

On this _____ day of _____, 20__, before me, the undersigned Notary Public, personally appeared _____, proved to me through satisfactory evidence of identification, which was/were _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose(s) as _____ for .

_____ (Seal)
Signature of Notary

My commission expires: _____

State of _____)
) **ss.**
County of _____)

On this _____ day of _____, 20__, before me, the undersigned Notary Public, personally appeared _____, proved to me through satisfactory evidence of identification, which was/were _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose(s) as _____ for .

_____ (Seal)
Signature of Notary

My commission expires: _____

SEPARATION AGREEMENT

This Separation Agreement (the "Agreement") by and between Miguel S. Barbosa, Ph.D. ("Executive") and Mirna Therapeutics, Inc., a Delaware corporation (the "Company"), is made effective eight (8) days after Executive's signature hereto (the "Effective Date"), unless Executive revokes his acceptance of this Agreement as provided in Section 5(c) below, with reference to the following facts:

A. Executive's employment with the Company and status as an officer and employee of the Company and each of its affiliates will end effective upon the Separation Date (as defined below).

B. Executive and the Company want to end their relationship amicably and also to establish the obligations of the parties including, without limitation, all amounts due and owing to Executive.

C. The payments and benefits being made available to Executive pursuant to this Agreement are intended to satisfy all outstanding obligations under that certain Change in Control Severance by between Executive and the Company (the "Severance Agreement").

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Separation Date. Executive acknowledges and agrees that his status as an officer and employee of the Company and as an officer and/or director of the Company's subsidiaries will end effective as of June 29, 2016 (the "Separation Date"). Executive hereby agrees to execute such further document(s) as shall be determined by the Company as necessary or desirable to give effect to the end of Executive's status as an officer of the Company and, if applicable, officer and/or director of any of its subsidiaries; *provided* that such documents shall not be inconsistent with any of the terms of this Agreement.

2. Final Paycheck; Payment of Accrued Wages and Expenses.

(a) *Final Paycheck*. As soon as administratively practicable on or after the Separation Date, the Company will pay Executive all accrued but unpaid base salary and all accrued and unused vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. Executive is entitled to these payments regardless of whether Executive executes this Agreement.

(b) *Business Expenses*. The Company shall reimburse Executive for all outstanding expenses incurred prior to the Separation Date which are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documenting such expenses, including, without limitation, expenses incurred pursuant to Executive's services as a director of any of the Company's subsidiaries.

(c) *Stock Options*. As of the Separation Date, Executive will hold unvested options to purchase 284,206 shares of Company common stock pursuant to the Company's equity incentive plans and the option agreements evidencing such grants (collectively, the "Equity Awards"). Upon the Separation Date, Executive's Equity Awards shall cease vesting and all shares as of such date shall automatically terminate.

3. Separation Payments and Benefits. Without admission of any liability, fact or claim, the Company hereby agrees, subject to this Agreement becoming effective and irrevocable, as well as Executive's performance of his continuing obligations pursuant to this Agreement and that certain Confidentiality, Covenant Not To Compete & Arbitration Agreement by and between the Company and Executive dated September 28, 2015 (the "Confidentiality Agreement") (including, without limitation, the non-competition and non-solicitation restrictive covenants set forth therein for the periods set forth in the Confidentiality Agreement), to provide Executive the severance benefits set forth below. Specifically, the Company and Executive agree as follows:

(a) *Severance*. The Company shall pay to Executive $270,375, which represents nine (9) months of Executive's base salary at the rate in effect as of immediately prior to the Separation Date, in a single cash lump sum. Such payment shall be made, less applicable withholdings and deductions, on or as soon as reasonably practicable following the Effective Date.

(b) *Healthcare Continuation Coverage.* If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of *1985*, as amended ("COBRA"), the Company shall directly pay, or reimburse Executive for, that portion of the premium for Executive and Executive's covered dependents necessary such that Executive contributes the same amount to COBRA coverage as Executive contributed to medical, dental and vision coverage prior to the date of this Agreement, such payment or reimbursement to continue until the earlier of (i) the last day of the month during which the nine (9) month anniversary of the Separation Date falls or (ii) the date Executive becomes eligible for comparable coverage under another employer's plans. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance with the provisions of COBRA. Executive acknowledges that he shall be solely responsible for all matters relating to Executive's continuation of coverage pursuant to COBRA, including, without limitation, Executive's election of such coverage and his timely payment of premiums.

(c) *Taxes*. Executive understands and agrees that all payments under this Section 3 will be subject to appropriate tax withholding and other deductions. To the extent any taxes may be payable by Executive for the benefits provided to him by this Section 3 beyond those withheld by the Company, Executive agrees to pay them himself and to indemnify and hold the Company and the other entities released herein harmless for any tax claims or penalties, and associated attorneys' fees and costs, resulting from any failure by him to make required payments. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(d) *SEC Reporting.* Executive acknowledges that to the extent required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), he will have continuing obligations under Section 16(a) and 16(b) of the Exchange Act to report his transactions in Company common stock for six (6) months following the Separation Date. Excluding the exercise of vested stock options, Executive hereby agrees not to undertake,

directly or indirectly, any reportable transactions involving the common stock of the Company until the end of such six (6) month period.

(e) *Sole Separation Benefit*. Executive agrees that the payments provided by this Section 3 are not required under the Company's normal policies and procedures and are provided as a severance solely in connection with this Agreement. Executive acknowledges and agrees that the payments referenced in this Section 3 constitute adequate and valuable consideration, in and of themselves, for the promises contained in this Agreement.

4. Full Payment. Executive acknowledges that the payment and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive as a result of his employment with the Company and the termination thereof. Executive further acknowledges that, other than the Equity Award agreements, the Confidentiality Agreement and the Indemnification Agreement between Executive and the Company (the "Indemnification Agreement"), this Agreement shall supersede each agreement entered into between Executive and the Company regarding Executive's employment, including, without limitation, any offer letter, the Severance Agreement and that certain employment agreement by and between Executive and the Company dated September 28, 2015 ,and each such agreement shall be deemed terminated and of no further effect as of the Separation Date.

5. Executive's Release of the Company. Executive understands that by agreeing to the release provided by this Section 5, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Agreement.

(a) On behalf of Executive and Executive's heirs, assigns, executors, administrators, trusts, spouse and estate, Executive hereby releases and forever discharges the "Releasees" hereunder, consisting of the Company, and each of its owners, affiliates, subsidiaries, predecessors, successors, assigns, agents, directors, officers, partners, employees, and insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which Executive now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to Executive's hire, employment, remuneration or resignation by the Releasees, or any of them, Claims arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, including any Claims arising under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621, et seq.; Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; the Equal Pay Act, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act , 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq. the Fair Labor Standards Act, 29 U.S.C. § 215 et seq., the Sarbanes-Oxley Act of 2002; the Texas Labor Code, including the Texas Commission on Human Rights Act; Section 451.001 of the Texas Workers' Compensation Act; the Texas Payday Act; and the Texas Labor Code; Claims for

breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;

(iii) Claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA;

(iv) Claims to any benefit entitlements vested as the date of Executive's employment termination, pursuant to written terms of any Company employee benefit plan;

(v) Claims for indemnification under the Indemnification Agreement, the Company's Bylaws or any applicable law; and

(vi) Executive's right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; *provided*, *however*, that Executive does release Executive's right to secure any damages for alleged discriminatory treatment.

(c) In accordance with the Older Workers Benefit Protection Act of 1990, Executive has been advised of the following: Executive acknowledges that Executive is knowingly and voluntarily waiving and releasing any rights Executive may have under the ADEA. Executive also acknowledges that the consideration given for the waiver and release herein is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing, as required by the ADEA, that: (i) Executive's waiver and release do not apply to any rights or claims that may arise after the execution date of this Agreement; (ii) Executive has been advised hereby that Executive has the right to consult with an attorney prior to executing this Agreement; (iii) Executive has twenty-one (21) days from the date of this Agreement to execute this Agreement (although Executive may choose to voluntarily execute this Agreement earlier); (iv) Executive has seven (7) days following the execution of this Agreement by Executive to revoke the Agreement, and Executive will not receive the severance benefits provided by Section 3 of this Agreement unless and until such seven (7) day period has expired; (v) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8^{th}) day after this Agreement is executed by Executive, *provided* that the Company has also executed this Agreement by that date; and (vi) this Agreement does not affect Executive's ability to test the knowing and voluntary nature of this Agreement. If Executive wishes to revoke this Agreement, Executive must deliver notice of Executive's revocation in writing, no later than 5:00 p.m. Central Time on the 7th day

following Executive's execution of this Agreement to Alan Fuhrman, 2150 Woodward Street, Austin, Texas, 78744, or e-mail afuhrman@mirnarx.com.

6. Non-Disparagement, Transition, Transfer of Company Property and Limitations on Service. Both parties further agree that:

(a) *Non-Disparagement*. Both parties agree that they shall not disparage, criticize or defame the other party and their respective directors, officers, agents, partners, stockholders, employees, products, services, technology or business, either publicly or privately. Nothing in this Section 6(a) shall have application to any evidence or testimony required by any court, arbitrator or government agency.

(b) *Transition*. Each of the Company and Executive shall use their respective reasonable efforts to cooperate with each other in good faith to facilitate a smooth transition of Executive's duties to other executive(s) of the Company.

(c) *Transfer of Company Property*. On or before the Separation Date, Executive shall turn over to the Company all files, memoranda, records, and other documents, and any other physical or personal property which are the property of the Company and which he had in his possession, custody or control at the time he signed this Agreement.

7. Executive Representations. Executive warrants and represents that (a) he has not filed or authorized the filing of any complaints, charges or lawsuits against the Company or any affiliate of the Company with any governmental agency or court, and that if, unbeknownst to Executive, such a complaint, charge or lawsuit has been filed on his behalf, he will immediately cause it to be withdrawn and dismissed, (b) he has reported all hours worked as of the date of this Agreement and has been paid all compensation, wages, bonuses, commissions, and/or benefits to which he may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to him, except as provided in this Agreement, (c) he has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or any similar state law, (d) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject, and (e) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a valid and binding obligation of Executive, enforceable in accordance with its terms.

8. No Assignment by Executive. Executive warrants and represents that no portion of any of the matters released herein, and no portion of any recovery or settlement to which Executive might be entitled, has been assigned or transferred to another person, firm or corporation not a party to this Agreement, in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against the Company or any other Releasee because of any actual assignment, subrogation or transfer by Executive, Executive agrees to indemnify and hold harmless the Company and all other Releasees against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs. In the event of Executive's death, this Agreement shall inure to the benefit of Executive and Executive's executors, administrators, heirs, distributees, devisees, and legatees. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only upon Executive's death by will or operation of law.

9. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Texas or, where applicable, United States federal law, in each case, without regard to any conflicts of laws provisions or those of any state other than Texas.

10. Miscellaneous. This Agreement, collectively with the Confidentiality Agreement, the Indemnification Agreement and the Equity Award agreements, comprise the entire agreement between the parties with regard to the subject matter hereof and supersedes, in their entirety, any other agreements between Executive and the Company with regard to the subject matter hereof. The Company and Executive acknowledge that the separation of the Executive's employment with the Company is intended to constitute an involuntary separation from service for the purposes of Section 409A of the Code, and the related Department of Treasury regulations. Executive acknowledges that there are no other agreements, written, oral or implied, and that he may not rely on any prior negotiations, discussions, representations or agreements. This Agreement may be modified only in writing, and such writing must be signed by both parties and recited that it is intended to modify this Agreement. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

11. Company Assignment and Successors. The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns, personnel and legal representatives.

12. Maintaining Confidential Information. Executive reaffirms his obligations under the Confidentiality Agreement. Executive acknowledges and agrees that the payments provided in Section 3 above shall be subject to Executive's continued compliance with Executive's obligations under the Confidentiality Agreement.

13. Executive's Cooperation. After the Separation Date, Executive shall cooperate with the Company and its affiliates, upon the Company's reasonable request, with respect to any internal investigation or administrative, regulatory or judicial proceeding involving matters within the scope of Executive's duties and responsibilities to the Company or its affiliates during his employment with the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process, and turning over to the Company all relevant Company documents which are or may have come into Executive's possession during his employment); *provided*, *however*, that any such request by the Company shall not be unduly burdensome or interfere with Executive's personal schedule or ability to engage in gainful employment.

(Signature page(s) follow)

IN WITNESS WHEREOF, the undersigned have caused this Separation Agreement to be duly executed and delivered as of the date indicated next to their respective signatures below.

DATED: July 6, 2016

/s/ Miguel S. Barbosa
Miguel S. Barbosa, Ph.D.

MIRNA THERAPEUTICS, INC.

DATED: July 6, 2016

By: /s/ Paul Lammers
Paul Lammers, M.D., M.Sc.
President & Chief Executive Officer

TRANSITION AND SEPARATION AGREEMENT

This Transition and Separation Agreement (the "Agreement") by and between Sinil Kim, M.D. ("Executive") and Mirna Therapeutics, Inc., a Delaware corporation (the "Company"), is made effective as of the date Executive signs this Agreement (the "Effective Date") with reference to the following facts:

A. Executive's employment with the Company and status as an officer and employee of the Company and each of its affiliates will end effective upon the Separation Date (as defined below).

B. Executive and the Company want to end their relationship amicably and also to establish the obligations of the parties including, without limitation, all amounts due and owing to Executive.

C. The payments and benefits being made available to Executive pursuant to this Agreement are intended to satisfy all outstanding obligations under that certain Change in Control Severance Agreement by between Executive and the Company (the "Severance Agreement").

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Separation Date. Executive acknowledges and agrees that his status as an officer and employee of the Company and as an officer and/or director of the Company's subsidiaries will end effective as of May 13, 2016 (the "Separation Date"). Executive hereby agrees to execute such further document(s) as shall be determined by the Company as necessary or desirable to give effect to the end of Executive's status as an officer of the Company and, if applicable, officer and/or director of any of its subsidiaries; *provided* that such documents shall not be inconsistent with any of the terms of this Agreement.

2. Transition Consulting Services.

(a) *Consulting Period*. During the period (the "Consulting Period") commencing on the Separation Date and ending on the three (3)-month anniversary of the Separation Date (the "Consulting Period End Date") Executive shall be available up to a maximum of eight hours per week to provide services to the Company, on a non-exclusive basis, as a consultant and shall provide such transition services (the "Transition Services") as necessary in Executive's areas of expertise and work experience and responsibility as may be requested by the Company's Chief Executive Officer, Chief Medical Officer and/or the Board of Directors of the Company (the "Board"). During the Consulting Period, Executive may become an employee or consultant of any other company, *provided*, that Executive acknowledges and agrees that, during the Consulting Period, Executive shall not, directly or indirectly, become employed by or provide assistance to any competitor of the Company. Competitor of the Company is defined as any business engaged in the field of non-coding RNA. During the Consulting Period, Executive reaffirms his commitment to remain in compliance with that certain Confidentiality, Covenant Not To Compete & Arbitration Agreement by and between Executive and the Company (the "Confidentiality Agreement"), it being understood that the term "employment" as used in the Confidentiality Agreement shall include services as a consultant hereunder and the Non-Competition Covenant (as defined below) shall terminate as of the Consulting Period End Date.

(b) *Consulting Fees*. In exchange for the performance of the Transition Services up to a maximum of eight hours per week, for the Consulting Period, the Company shall pay to Executive consulting fees as an independent contractor in the amount of $10,000 per month (the "Consulting Fees"). The Consulting Fees will be paid to Executive in accordance with the Company's standard payment procedures for consultants and independent contractors.

(c) *Benefits*. As an independent contractor, Executive understands and agrees that, while performing any services for the Company after the Separation Date, Executive shall not be eligible to participate in or accrue benefits under any Company benefit plan for which status as an employee of the Company is a condition of such participation or accrual. To the extent that Executive was deemed eligible to participate, as an employee, in any Company benefit plan, he hereby waives his participation.

(d) *Stock Options*. As of August 13, 2016, Executive will hold vested options to purchase 24,658 shares of Company common stock and unvested options to purchase 44,612 shares of Company common stock pursuant to the Company's equity incentive plans and the option agreements evidencing such grants (collectively, the "Equity Awards"). During the Consulting Period, Executive's Equity Awards shall continue to vest and become exercisable in accordance with their original vesting schedules. Upon the Consulting Period End Date of August 13, 2016, Executive's Equity Awards shall cease vesting and any unvested shares as of such date shall automatically terminate. If Executive desires to exercise any vested Equity Awards, Executive must follow the procedures set forth in Executive's option agreements, including payment of the exercise price and any withholding obligations. If by the earliest date specified above in such option agreements, the Company has not received a duly executed notice of exercise and remuneration in accordance with Executive's option agreements, Executive's vested Equity Awards shall automatically terminate for no consideration and be of no further effect. Executive acknowledges that each unexercised "incentive stock option" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code") that remains unexercised following the three (3)-month anniversary of the Separation Date shall no longer qualify for favorable tax treatment as an incentive stock option.

(e) *Independent Contractor Status*. Executive and the Company acknowledge and agree that, during the Consulting Period, Executive shall be an independent contractor. During the Consulting Period and thereafter, Executive shall not be an agent or employee of the Company and shall not be authorized to act on behalf of the Company. The Company will not make deductions for taxes from any Consulting Fees paid hereunder. Personal income and self-employment taxes for Consulting Fees paid to Executive hereunder shall be the sole responsibility of Executive. Executive agrees to indemnify and hold the Company and the other entities released herein harmless for any tax claims or penalties resulting from any failure by Executive to make required personal income and self-employment tax payments with respect to the Consulting Fees.

(f) *Protection of Information*. Executive agrees that, during the Consulting Period and thereafter, Executive will not, except for the purposes of performing the Transition Services, seek to obtain any confidential or proprietary information or materials of the Company.

3. Final Paycheck; Payment of Accrued Wages and Expenses.

(a) Final Paycheck. As soon as administratively practicable on or after the Separation Date, the Company will pay Executive all accrued but unpaid base salary and all accrued and unused vacation earned through the Separation Date, subject to standard payroll deductions and withholdings. Executive is entitled to these payments regardless of whether Executive executes this Agreement or a Release of Claims (as defined below).

(b) *Business Expenses*. The Company shall reimburse Executive for all outstanding expenses incurred prior to the Separation Date which are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documenting such expenses, including, without limitation, expenses incurred pursuant to Executive's services as a director of any of the Company's subsidiaries.

4. Separation Payments and Benefits. Without admission of any liability, fact or claim, the Company hereby agrees, subject to the execution of this Agreement and, on or within thirty (30) days following the Separation Date, the General Release of Claims attached hereto as **Exhibit A** (the "Release of Claims") becoming effective and irrevocable, as well as Executive's performance of his continuing obligations pursuant to this Agreement and the Confidentiality Agreement (including, without limitation, the non-competition and non-solicitation restrictive covenants set forth therein for the periods set forth in the Confidentiality Agreement, except that the Non-Competition Period shall be modified as set forth in Section 8 below), to provide Executive the severance benefits set forth below. Specifically, the Company and Executive agree as follows:

(a) *Severance*. The Company shall pay to Executive $134,375, which represents five (5) months of Executive's base salary at the rate in effect as of immediately prior to the Separation Date, in a single cash lump sum. Such payment shall be made, less applicable withholdings and deductions, on or as soon as reasonably practicable following the date the Release of Claims becomes effective and irrevocable.

(b) *Healthcare Continuation Coverage.* If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse Executive for, that portion of the premium for Executive and Executive's covered dependents necessary such that Executive contributes the same amount to COBRA coverage as Executive contributed to medical, dental and vision coverage prior to the date of this Agreement, such payment or reimbursement to continue until the earlier of (i) the last day of the month during which the five (5) month anniversary of the Separation Date falls or (ii) the date Executive becomes eligible for comparable coverage under another employer's plans. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance with the provisions of COBRA. Executive acknowledges that he shall be solely responsible for all matters relating to Executive's continuation of coverage pursuant to COBRA, including, without limitation, Executive's election of such coverage and his timely payment of premiums.

(c) *Taxes*. Executive understands and agrees that all payments under this Section 4 will be subject to appropriate tax withholding and other deductions. To the extent any taxes may be payable by Executive for the benefits provided to him by this Section 4 beyond those withheld by the Company, Executive agrees to pay them himself and to indemnify and hold the Company and the other entities released herein harmless for any tax claims or penalties, and associated attorneys' fees and costs, resulting from any failure by

him to make required payments. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Code, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(d) *SEC Reporting.* Executive acknowledges that to the extent required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), he will have continuing obligations under Section 16(a) and 16(b) of the Exchange Act to report his transactions in Company common stock for six (6) months following the Separation Date. Excluding the exercise of vested stock options, Executive hereby agrees not to undertake, directly or indirectly, any reportable transactions involving the common stock of the Company until the end of such six (6) month period.

(e) *Sole Separation Benefit.* Executive agrees that the payments provided by this Section 4 are not required under the Company's normal policies and procedures and are provided as a severance solely in connection with this Agreement and the Release of Claims. Executive acknowledges and agrees that the payments referenced in this Section 4 constitute adequate and valuable consideration, in and of themselves, for the promises contained in this Agreement and the Release of Claims.

5. Full Payment. Executive acknowledges that the payment and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive as a result of his employment with the Company and the termination thereof. Executive further acknowledges that, other than the Confidentiality Agreement and the Indemnification Agreement between Executive and the Company (the "Indemnification Agreement"), this Agreement shall supersede each agreement entered into between Executive and the Company regarding Executive's employment, including, without limitation, any offer letter, employment agreement, the Severance Agreement and each such agreement other than the Equity Award agreements shall be deemed terminated and of no further effect as of the Separation Date.

6. Executive's Release of the Company. Executive understands that by agreeing to the release provided by this Section 6, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Agreement.

(a) On behalf of Executive and Executive's heirs, assigns, executors, administrators, trusts, spouse and estate, Executive hereby releases and forever discharges the "Releasees" hereunder, consisting of the Company, and each of its owners, affiliates, subsidiaries, predecessors, successors, assigns, agents, directors, officers, partners, employees, and insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which Executive now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to Executive's hire, employment, remuneration or resignation by the Releasees, or any of them, Claims

arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, including any Claims arising under Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; the Equal Pay Act, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act , 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq. the Fair Labor Standards Act, 29 U.S.C. § 215 et seq., the Sarbanes-Oxley Act of 2002; the Texas Labor Code, including the Texas Commission on Human Rights Act; Section 451.001 of the Texas Workers' Compensation Act; the Texas Payday Act; and the Texas Labor Code; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;

(iii) Claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA;

(iv) Claims to any benefit entitlements vested as the date of Executive's employment termination, pursuant to written terms of any Company employee benefit plan;

(v) Claims for indemnification under the Indemnification Agreement, the Company's Bylaws or any applicable law; and

(vi) Executive's right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; *provided*, *however*, that Executive does release Executive's right to secure any damages for alleged discriminatory treatment.

7. Non-Disparagement, Transition, Transfer of Company Property and Limitations on Service. Both parties further agree that:

(a) *Mutual Non-Disparagement*. Both parties agree that they shall not disparage, criticize or defame the other party and their respective directors, officers, agents, partners, stockholders, employees, products, services, technology or business, either publicly or privately. The Company further agrees that it shall instruct its officers and members of its Board to not, disparage, criticize or defame Executive, either publicly or privately. Nothing

in this Section 7(a) shall have application to any evidence or testimony required by any court, arbitrator or government agency.

(b) *Transition*. Each of the Company and Executive shall use their respective reasonable efforts to cooperate with each other in good faith to facilitate a smooth transition of Executive's duties to other executive(s) of the Company.

(c) *Transfer of Company Property*. On or before the Separation Date, Executive shall turn over to the Company all files, memoranda, records, and other documents, and any other physical or personal property which are the property of the Company and which he had in his possession, custody or control at the time he signed this Agreement.

8. Continuing Covenants. The covenant not to compete set forth in Section 5 of the Confidentiality Agreement (the "Non-Competition Covenant") shall terminate on the Consulting Period End Date (instead of the nine (9) month anniversary as set forth therein). For the avoidance of doubt, the Confidentiality Agreement shall remain in full force and effect for the period(s) set forth therein, except for the Non-Competition Covenant shall terminate on the Consulting Period End Date, and each of the restrictive covenants contained therein are deemed part of this Agreement. Any action for injunctive relief brought for claims relating to the Confidentiality Agreement, as well as any related claims for trade secret misappropriation, breach of fiduciary duty, unfair competition, or other related business tort claims, shall be brought pursuant to the terms and conditions set forth in the Confidentiality Agreement (as modified to reflect the termination of the Non-Competition Covenant on the Consulting Period End Date), regardless of any conflicting provisions in this Agreement

9. Executive Representations. Executive warrants and represents that (a) he has not filed or authorized the filing of any complaints, charges or lawsuits against the Company or any affiliate of the Company with any governmental agency or court, and that if, unbeknownst to Executive, such a complaint, charge or lawsuit has been filed on his behalf, he will immediately cause it to be withdrawn and dismissed, (b) he has reported all hours worked as of the date of this Agreement and has been paid all compensation, wages, bonuses, commissions, and/or benefits to which he may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to him, except as provided in this Agreement, (c) he has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or any similar state law, (d) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject, and (e) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a valid and binding obligation of Executive, enforceable in accordance with its terms.

10. No Assignment by Executive. Executive warrants and represents that no portion of any of the matters released herein, and no portion of any recovery or settlement to which Executive might be entitled, has been assigned or transferred to another person, firm or corporation not a party to this Agreement, in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against the Company or any other Releasee because of any actual assignment, subrogation or transfer by Executive, Executive agrees to indemnify and hold harmless the Company and all other Releasees against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs. In the event of Executive's death, this Agreement shall inure to the benefit of Executive and Executive's

executors, administrators, heirs, distributees, devisees, and legatees. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only upon Executive's death by will or operation of law.

11. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Texas or, where applicable, United States federal law, in each case, without regard to any conflicts of laws provisions or those of any state other than Texas.

12. Miscellaneous. This Agreement, collectively with the Confidentiality Agreement, the Indemnification Agreement, the Equity Award agreements and the Release of Claims, comprise the entire agreement between the parties with regard to the subject matter hereof and supersedes, in their entirety, any other agreements between Executive and the Company with regard to the subject matter hereof. The Company and Executive acknowledge that the separation of the Executive's employment with the Company is intended to constitute an involuntary separation from service for the purposes of Section 409A of the Code, and the related Department of Treasury regulations. Executive acknowledges that there are no other agreements, written, oral or implied, and that he may not rely on any prior negotiations, discussions, representations or agreements. This Agreement may be modified only in writing, and such writing must be signed by both parties and recited that it is intended to modify this Agreement. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

13. Company Assignment and Successors. The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns, personnel and legal representatives.

14. Maintaining Confidential Information. Executive reaffirms his obligations under the Confidentiality Agreement, as modified by Section 8 hereof. Executive acknowledges and agrees that the payments provided in Section 4 above shall be subject to Executive's continued compliance with Executive's obligations under the Confidentiality Agreement.

15. Executive's Cooperation. After the Separation Date, Executive shall cooperate with the Company and its affiliates, upon the Company's reasonable request, with respect to any internal investigation or administrative, regulatory or judicial proceeding involving matters within the scope of Executive's duties and responsibilities to the Company or its affiliates during his employment with the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process, and turning over to the Company all relevant Company documents which are or may have come into Executive's possession during his employment); *provided*, *however*, that any such request by the Company shall not be unduly burdensome or interfere with Executive's personal schedule or ability to engage in gainful employment.

(Signature page(s) follow)

IN WITNESS WHEREOF, the undersigned have caused this Transition and Separation Agreement to be duly executed and delivered as of the date indicated next to their respective signatures below.

DATED: April 25, 2016

/s/ Sinil Kim, M.D.
Sinil Kim, M.D.

MIRNA THERAPEUTICS, INC.

DATED: April 25, 2016

By: /s/ Paul Lammers
Paul Lammers, M.D., M.Sc.
President & Chief Executive Officer

EXHIBIT A

GENERAL RELEASE OF CLAIMS

This General Release of Claims ("Release") is entered into as of May 13, 2016, between Sinil Kim, M.D. ("Executive") and Mirna Therapeutics, Inc., a Delaware corporation (the "Company") (collectively referred to herein as the "Parties"), effective eight (8) days after Executive's signature hereto (the "Effective Date"), unless Executive revokes his acceptance of this Release as provided in Paragraph 1(c) below.

1. Executive's Release of the Company. Executive understands that by agreeing to this Release, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Release.

(a) On behalf of Executive and Executive's heirs, assigns, executors, administrators, trusts, spouse and estate, Executive hereby releases and forever discharges the "Releasees" hereunder, consisting of the Company, and each of its owners, affiliates, subsidiaries, predecessors, successors, assigns, agents, directors, officers, partners, employees, and insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which Executive now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to Executive's hire, employment, remuneration or resignation by the Releasees, or any of them, including Claims arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, any Claims arising under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621, et seq.; Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; the Equal Pay Act, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act , 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq. the Fair Labor Standards Act, 29 U.S.C. § 215 et seq., the Sarbanes-Oxley Act of 2002; the Texas Labor Code, including the Texas Commission on Human Rights Act; Section 451.001 of the Texas Workers' Compensation Act; the Texas Payday Act; and the Texas Labor Code; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;

(iii) Claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA;

(iv) Claims to any benefit entitlements vested as the date of Executive's employment termination, pursuant to written terms of any Company employee benefit plan;

(v) Claims for indemnification under the Indemnification Agreement between Executive and the Company, the Company's Bylaws or any applicable law; and

(vi) Executive's right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; provided, however, that Executive does release Executive's right to secure any damages for alleged discriminatory treatment.

(c) In accordance with the Older Workers Benefit Protection Act of 1990, Executive has been advised of the following: Executive acknowledges that Executive is knowingly and voluntarily waiving and releasing any rights Executive may have under the ADEA. Executive also acknowledges that the consideration given for the waiver and release herein is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing, as required by the ADEA, that: (i) Executive's waiver and release do not apply to any rights or claims that may arise after the execution date of this Release; (ii) Executive has been advised hereby that Executive has the right to consult with an attorney prior to executing this Release; (iii) Executive has twenty-one (21) days from the date of this Release to execute this Release (although Executive may choose to voluntarily execute this Release earlier); (iv) Executive has seven (7) days following the execution of this Release by Executive to revoke the Release, and Executive will not receive the severance benefits provided by Section 4 of that certain Transition and Separation Agreement entered into between the Parties as of April 25, 2016 (the "Transition and Separation Agreement") unless and until such seven (7) day period has expired; (v) this Release will not be effective until the date upon which the revocation period has expired, which will be the eighth (8th) day after this Release is executed by Executive, *provided* that the Company has also executed this Release by that date; and (vi) this Release does not affect Executive's ability to test the knowing and voluntary nature of this Release. If Executive wishes to revoke this Release, Executive must deliver notice of Executive's revocation in writing, no later than 5:00 p.m. Central Time on the 7th day following Executive's execution of this Release to Alan Fuhrman (CFO), 2150 Woodward, Suite 100, Austin, Texas 78744, email: #######@mirnarx.com, fax: 512-681-5201.

2. Mutual Representations. Executive and the Company represent and warrant that:

(a) Executive has returned to the Company all Company property in Executive's possession;

(b) Executive is not owed wages, commissions, bonuses or other compensation, other than any payments that become due under Section 4 of the Transition and Separation Agreement;

(c) During the course of Executive's employment Executive did not sustain any injuries for which Executive might be entitled to compensation pursuant to worker's compensation law or Executive has disclosed any injuries of which he is currently, reasonably aware for which he might be entitled to compensation pursuant to worker's compensation law;

(d) From the date each party executed the Transition and Separation Agreement through the date each party executes this Release, Executive, or the Company, its affiliates and directors, officers, have not made any disparaging comments about the other party, nor will Executive, or the Company, its affiliates and directors, officers, do so in the future; and

(e) Executive has not initiated any adversarial proceedings of any kind against the Company or against any other person or entity released herein, nor will Executive do so in the future, except as specifically allowed by this Release.

3. Maintaining Confidential Information; Continuing Covenants. Executive reaffirms his obligations under the continuing covenants set forth in Section 8 of the Transition and Separation Agreement and that certain Confidentiality, Covenant Not To Compete & Arbitration Agreement (the "Confidentiality Agreement"). Executive acknowledges and agrees that the payments provided in Section 4 of the Transition and Separation Agreement shall be subject to Executive's continued compliance with Executive's obligations under the Confidentiality Agreement, including, without limitation, any non-competition and non-solicitation covenants contained therein for the periods set forth in the Confidentiality Agreement, except that Section 5 of the Confidentiality Agreement shall be deemed to have terminated on the Consulting Period End Date.

4. Cooperation with the Company. Executive reaffirms his obligations to cooperate with the Company pursuant to Section 15 of the Transition and Separation Agreement.

5. Severability. The provisions of this Release are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

6. Choice of Law. This Release shall in all respects be governed and construed in accordance with the laws of the State of Texas, including all matters of construction, validity and performance, without regard to conflicts of law principles.

7. Integration Clause. This Release and the Transition and Separation Agreement contain the Parties' entire agreement with regard to the transition and separation of Executive's employment, and supersede and replace any prior agreements as to those matters, whether oral or written. This Release may not be changed or modified, in whole or in part, except by an instrument in writing signed by Executive and the Chief Executive Officer of the Company.

8. Execution in Counterparts. This Release may be executed in counterparts with the same force and effectiveness as though executed in a single document. Facsimile signatures shall have the same force and effectiveness as original signatures.

9. Intent to be Bound. The Parties have carefully read this Release in its entirety; fully understand and agree to its terms and provisions; and intend and agree that it is final and binding on all Parties.

(Signature page(s) follow)

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing on the dates shown below.

EXECUTIVE	MIRNA THERAPEUTICS, INC.
Sinil Kim, M.D.	Paul Lammers, M.D., M.Sc. President & Chief Executive Officer
Date:	Date:

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO

SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)

I, Paul Lammers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mirna Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2016

/s/ PAUL LAMMERS
Paul Lammers, M.D., M.Sc.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO

SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)

I, Alan Fuhrman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mirna Therapeutics, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2016

/s/ ALAN FUHRMAN
Alan Fuhrman
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mirna Therapeutics, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2016, as filed with the Securities and Exchange Commission (the "Report"), Paul Lammers, Chief Executive Officer of the Company, and Alan Fuhrman, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2016

/s/ PAUL LAMMERS
Paul Lammers, M.D., M.Sc.
Chief Executive Officer
(Principal Executive Officer)

/s/ ALAN FUHRMAN
Alan Fuhrman
Chief Financial Officer
(Principal Financial Officer)