

ARDELYX, INC.  
Form DEF 14A  
April 24, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Ardelyx, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**ARDELYX, INC.**

**34175 Ardenwood Blvd.**

**Suite 200**

**Fremont, CA 94555**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 11, 2015**

To the Stockholders of Ardelyx, Inc.:

The 2015 Annual Meeting of Stockholders, or the 2015 Annual Meeting, of Ardelyx, Inc., a Delaware corporation, or the Company, will be held on June 11, 2015 at 8:30 a.m. local time at the Company's headquarters at 34175 Ardenwood Blvd., Suite 200 (2<sup>nd</sup> Floor), Fremont, CA 94555 for the following purposes:

1. To elect two Class I directors to hold office until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified;
2. To ratify the selection, by the Audit Committee of our Board of Directors, of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015; and
3. To transact such other business as may properly come before the 2015 Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice of Annual Meeting of Stockholders. Only stockholders who owned the Company's common stock at the close of business on April 21, 2015 may vote at the 2015 Annual Meeting or any adjournments that take place.

We have elected to provide our proxy materials to our stockholders over the internet as permitted by the rules of the U.S. Securities and Exchange Commission. As a result, we are mailing most of our stockholders a paper copy of the Notice of Internet Availability of Proxy Materials, or the Notice, but not a paper copy of our proxy statement and our 2014 Annual Report to Stockholders. This process allows us to provide our proxy materials to our stockholders in a timelier and more readily accessible manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. The Notice contains instructions on how to access those documents over the internet. The Notice also contains instructions on how to request a paper copy of our proxy materials, including this proxy statement, our 2014 Annual Report to Stockholders and a form of proxy card or voting instruction card. All stockholders who have previously requested a paper copy of our proxy materials will continue to receive a paper copy of the proxy materials by mail.

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You are cordially invited to attend the 2015 Annual Meeting in person. Whether or not you plan to attend the 2015 Annual Meeting, please vote as soon as possible. You may vote over the internet or by a toll-free telephone number. If, however, you requested to receive paper proxy materials, then you may also vote by mailing a complete, signed and dated proxy card or voting instruction card in the envelope provided. Please note that any stockholder attending the 2015 Annual Meeting may vote in person, even if the stockholder has already voted over the internet or by phone or returned a proxy card or voting instruction card by mail.

Our board of directors recommends that you vote **FOR** the election of the director nominees named in Proposal No. 1 of the proxy statement and **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm as described in Proposal No. 2 of the proxy statement.

By Order of the Board of Directors:

/s/ Elizabeth Grammer  
Elizabeth Grammer

Vice President and General Counsel

Fremont, California

April 24, 2015

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**ARDELYX, INC.**

**34175 Ardenwood Blvd.**

**Suite 200**

**Fremont, CA 94555**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 11, 2015**

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR  
THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 11, 2015**

This proxy statement and our 2014 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, are available at our website at [www.ardelyx.com](http://www.ardelyx.com) and at [www.astproxyportal.com/ast/19476](http://www.astproxyportal.com/ast/19476).

Unless the context requires otherwise, in this proxy statement the terms Ardelyx, we, us, our and the Company refer to Ardelyx, Inc.

**QUESTIONS AND ANSWERS REGARDING THE PROXY MATERIALS AND THE VOTING PROCESS**

**Why am I receiving these proxy materials?**

We have made these proxy materials available to you on the internet or, upon your request, have delivered paper proxy materials to you, because the board of directors of Ardelyx, Inc., or the Company, is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders, or the 2015 Annual Meeting, or any adjournments that take place. The 2015 Annual Meeting will be held on June 11, 2015 at 8:30 a.m. local time at the Company's headquarters at 34175 Ardenwood Blvd., Suite 200 (2<sup>nd</sup> Floor), Fremont, CA 94555. As a stockholder, you are invited to attend the 2015 Annual Meeting and are requested to vote on the proposals described in this proxy statement. However, you do not need to attend the 2015 Annual Meeting to vote.

**What is included in the proxy materials?**

The proxy materials include:

This proxy statement, which includes information regarding the proposals to be voted on at the 2015 Annual Meeting, the voting process, corporate governance, the compensation of our directors and certain executive officers, and other required information;

Our 2014 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2014; and

The proxy card or a voting instruction card for the 2015 Annual Meeting.

The proxy materials are being mailed or made available to stockholders on or about April 24, 2015.

**Why did I receive a Notice of Internet Availability of Proxy Materials, or the Notice, in the mail instead of a complete set of paper proxy materials?**

We have elected to provide our proxy materials to our stockholders over the internet as permitted by the rules of the U.S. Securities and Exchange Commission, or SEC. As a result, we are mailing most of our stockholders a paper copy of the Notice, but not a paper copy of the proxy materials. This process allows us to provide our proxy materials to our stockholders in a timelier and more readily accessible manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. The Notice

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contains instructions on how to access the proxy materials over the internet, and how to request a paper copy of the proxy materials. All stockholders who have previously elected to receive a paper copy of our proxy materials will continue to receive a paper copy of the proxy materials by mail until the stockholder terminates such election.

### **Why did I receive a complete set of paper proxy materials in the mail instead of a Notice of Internet Availability of Proxy Materials?**

We are providing stockholders who have previously requested to receive paper copies of the proxy materials with paper copies of the proxy materials instead of the Notice. If you would like to reduce the environmental impact and the costs incurred by us in printing and distributing the proxy materials, you may elect to receive all future proxy materials electronically via email or the internet. To sign up for electronic delivery, please follow the instructions provided with your proxy materials and on your proxy card or voting instruction card.

### **Who can vote at the 2015 Annual Meeting?**

Only stockholders of record at the close of business on April 21, 2015 will be entitled to vote at the 2015 Annual Meeting. On this record date, there were 18,642,752 shares of common stock outstanding and entitled to vote.

#### ***Stockholder of Record: Shares Registered in Your Name***

If, at the close of business on April 21, 2015, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the 2015 Annual Meeting or vote by proxy. Whether or not you plan to attend the 2015 Annual Meeting, please vote as soon as possible by internet, telephone or by mail as instructed below to ensure your vote is counted.

#### ***Beneficial Owner: Shares Registered in the Name of a Broker or Bank***

If, at the close of business on April 21, 2015, your shares were not held in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the 2015 Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent how to vote the shares in your account. You are also invited to attend the 2015 Annual Meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the 2015 Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

### **What proposals are scheduled for a vote?**

There are two proposals scheduled for a vote at the 2015 Annual Meeting:

Proposal No. 1 To elect two Class I directors to hold office until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified; and

Proposal No. 2 To ratify the selection, by the Audit Committee of our Board of Directors, of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015.

**How do I vote?**

For Proposal No. 1, you may either vote **FOR** all nominees to the board of directors or you may **WITHHOLD** your vote for any nominee you specify. For Proposal No. 2, you may either vote **FOR** or **AGAINST** or you may abstain from voting.

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The procedures for voting are as follows:

### ***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote in person at the 2015 Annual Meeting or vote by internet, telephone or by mail. Whether or not you plan to attend the 2015 Annual Meeting, please vote as soon as possible to ensure your vote is counted. You may still attend the 2015 Annual Meeting and vote in person even if you have already voted by proxy.

**To vote in person.** You may attend the 2015 Annual Meeting and we will give you a ballot when you arrive. If you need directions to the meeting, please visit [www.ardelyx.com/contact](http://www.ardelyx.com/contact).

**To vote by proxy by internet or telephone.** If you have internet or telephone access, you may submit your proxy by following the instructions provided in the Notice, or if you received paper proxy materials by mail, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card.

**To vote by proxy by mail.** If you received paper proxy materials, you may submit your proxy by mail by completing and signing your proxy card and mailing it in the enclosed envelope. Your shares will be voted as you have instructed.

### ***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner of shares registered in the name of your broker, bank, dealer or other similar organization, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by internet or telephone as instructed by your broker or other agent. To vote in person at the 2015 Annual Meeting, you must obtain a valid proxy from your broker or other agent. Follow the instructions from your broker or other agent included with these proxy materials, or contact your broker or bank to request a proxy form.

### **Can I vote my shares by completing and returning the Notice?**

No. The Notice will, however, provide instructions on how to vote by internet, by telephone, by requesting and returning a paper proxy card or voting instruction card, or by submitting a ballot in person at the 2015 Annual Meeting.

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of the Company's common stock you owned as of April 21, 2015.

### **What if I return a proxy card but do not make specific choices?**

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If you return a signed and dated proxy card without marking any voting selections, your shares will be voted **FOR** the election of each nominee for director (Proposal No. 1) and **FOR** the ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015 (Proposal No. 2). If any other matter is properly presented at the 2015 Annual Meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

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### **Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors, officers and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors, officers and employees will not be paid any additional compensation for soliciting proxies.

### **What does it mean if I receive more than one Notice or proxy card?**

If you receive more than one Notice or proxy card, your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must vote pursuant to the instructions on each Notice or return each proxy card.

### **Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the 2015 Annual Meeting. If you are the stockholder of record of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy with a later date.

You may send a timely written notice that you are revoking your proxy to the Company's General Counsel at Ardelyx, Inc., 34175 Ardenwood Blvd., Suite 200, Fremont, CA 94555.

You may attend the 2015 Annual Meeting and vote in person. Simply attending the 2015 Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or other agent, you should follow the instructions provided by your broker or agent.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the 2015 Annual Meeting. On the record date, there were 18,642,752 shares outstanding and entitled to vote. Accordingly, the holders of 9,321,377 shares must be present at the 2015 Annual Meeting to have a quorum. Your shares will be counted toward the quorum at the 2015 Annual Meeting only if you vote in person at the meeting, or you submit a valid proxy vote.

Abstentions and broker non-votes (as described below) will be counted towards the quorum requirement. If there is no quorum, the chairperson of the meeting or the holders of a majority of shares present and entitled to vote at the meeting in person or represented by proxy may adjourn the 2015 Annual Meeting to another date.

### **How are votes counted?**

Votes will be counted by the Inspector of Elections appointed for the 2015 Annual Meeting. The Inspector of Elections will separately count **FOR**, **WITHHOLD** and broker non-votes for the election of directors (Proposal 1) and **FOR** and **AGAINST** votes, abstentions and, if any, broker non-votes for the ratification of the selection of

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Ernst & Young LLP as the independent registered accounting firm of the Company for the fiscal year ending December 31, 2015 (Proposal 2).

If your shares are held by your broker or other agent as your nominee (that is, held beneficially in street name ), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker or other agent to vote your shares. If you do not give voting instructions to your broker or other agent, your broker or other agent can only vote your shares with respect to routine matters (as described below).

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### **What are broker non-votes ?**

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters are referred to as non-routine matters. Proposal No. 1 to elect directors is a non-routine matter, but Proposal No. 2 to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2015 is a routine matter.

### **How many votes are needed to approve each proposal?**

Proposal No. 1 To elect two Class I directors to hold office until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified. The two nominees receiving the most **FOR** votes (from the votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Broker non-votes will not be counted towards the vote total for this proposal.

Proposal No. 2 To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015. **FOR** votes from the holders of a majority of the shares cast (excluding abstentions and broker non-votes) are required to approve this proposal. Because Proposal No. 2 is considered a routine matter, no broker non-votes are expected in connection with this proposal.

### **How can I find out the results of the voting at the 2015 Annual Meeting?**

We will disclose final voting results in a Current Report on Form 8-K filed with the SEC within four business days after the 2015 Annual Meeting. If final voting results are unavailable at that time, then we intend to file a Current Report on Form 8-K to disclose preliminary voting results and file an amended Current Report on Form 8-K within four business days after the date the final voting results are available.

### **When are stockholder proposals due for next year's annual meeting?**

To be considered for inclusion in the proxy materials for the 2016 Annual Meeting of Stockholders, your proposal must be submitted in writing by January 6, 2016, to the Company's Corporate Secretary at Ardelyx, Inc., 34175 Ardenwood Blvd., Suite 200, Fremont, CA 94555. However, if the meeting is not held between May 12, 2016 and July 11, 2016, then the deadline will be a reasonable time before we begin to print and mail our proxy materials for that meeting.

If you wish to submit a proposal before the stockholders or nominate a director at the 2016 Annual Meeting of Stockholders, but you are not requesting that your proposal or nomination be included in the proxy materials for that meeting, then you must follow the procedures set forth in our bylaws and, among other things, notify the Company's Corporate Secretary in writing between February 12, 2016 and March 14, 2016. However, if the date of the 2016 Annual Meeting of Stockholders is more than 30 days before or more than 60 days after June 11, 2016, then you must give notice not later than the 90<sup>th</sup> day prior to that meeting or, if later, the 10<sup>th</sup> day following the day on which public disclosure of that annual meeting date is first made. You are also advised to review our bylaws, which contain additional requirements regarding advance notice of stockholder proposals and director nominations.



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**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Our board of directors is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Except as otherwise provided by law, vacancies on the board of directors may be filled only by individuals elected by a majority of the remaining directors. A director elected by the board of directors to fill a vacancy in a particular class, including a vacancy created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

Our board of directors currently consists of six directors and no vacancies, divided into the three following classes:

The Class I directors are Annalisa Jenkins, MMBS, MRCP and Peter Schultz, Ph.D., and their terms will expire at the 2015 Annual Meeting;

The Class II directors are Michael Raab and David Mott, and their terms will expire at the 2016 Annual Meeting of Stockholders; and

The Class III directors are Gordon Ringold, Ph.D. and Richard Rodgers, and their terms will expire at the 2017 Annual Meeting of Stockholders.

Our current Class I directors, Annalisa Jenkins, MMBS, MRCP and Peter Schultz, Ph.D., and have been nominated to serve as Class I directors and have agreed to stand for election. If the nominees for Class I are elected at the 2015 Annual Meeting, then each nominee will serve for a three-year term expiring at the 2018 Annual Meeting of Stockholders, and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal.

Our directors are elected by a plurality of the votes cast. If a choice is specified on the proxy card by a stockholder, the shares will be voted as specified. If a choice is not specified on the proxy card, and authority to do so is not withheld, the shares will be voted **FOR** the election of the two nominees for Class I above. If any of the nominees becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for the nominee will instead be voted for the election of a substitute nominee proposed by our management or the board of directors. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

The following is a brief biography and discussion of the specific attributes, qualifications, experience and skills of each nominee for director and each director whose term will continue after the 2015 Annual Meeting. Our board of directors and management encourage each nominee for director and each continuing director to attend the 2015 Annual Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE TWO CLASS I NOMINEES FOR DIRECTOR.**

**CLASS I NOMINEES FOR DIRECTOR** *To be elected for a three-year term expiring at the 2018 Annual Meeting of Stockholders*

**Annalisa Jenkins, MMBS, MRCP** was appointed to our board of directors in April 2015. Dr. Jenkins has served as the Chief Executive Officer at Dimension Therapeutics, Inc., a biopharmaceutical company since September 2014. From October 2013 to March 2014, Dr. Jenkins served as Executive Vice President, head of Global Research and Development for Merck Serono Pharmaceuticals, a biopharmaceutical company. Previously, from September 2011 to October 2013, she served as Merck Serono's Executive Vice President Global Development

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and Medical, and was a member of Merck Serono's Executive Committee. Prior to that, Dr. Jenkins pursued a 15 year career at Bristol-Myers Squibb Company, a biopharmaceutical company, where, from July 2009 to June 2011, she was a Senior Vice President and head of Global Medical Affairs at Bristol-Myers Squibb. Dr. Jenkins is currently a committee member of the Science Board to the U.S. Food & Drug Administration, which advises FDA leadership on complex scientific and technical issues. Dr. Jenkins is also a member of the European Commission's Scientific Panel for Health, a science-led expert group tasked with helping to achieve better health and wellbeing for all. Dr. Jenkins graduated with a degree in medicine from St. Bartholomew's Hospital in the University of London and subsequently trained in cardiovascular medicine in the UK National Health Service. Earlier in her career, Dr. Jenkins served as a medical officer in the British Royal Navy. We believe Dr. Jenkins is qualified to serve on our board of directors based on her extensive scientific background and deep industry experience.

**Peter Schultz, Ph.D.** is our co-founder and has served on our board of directors since April 2010. In 1985, after postdoctoral studies at the Massachusetts Institute of Technology, he joined the faculty of the University of California, Berkeley, where he was Professor of Chemistry, Principal Investigator at Lawrence Berkeley National Laboratory and an Investigator of the Howard Hughes Medical Institute. Dr. Schultz joined the faculty of Scripps in 1999, where he is currently the Scripps Professor of Chemistry. He founded and was the Institute Director of the Genomics Institute of the Novartis Research Foundation in San Diego, CA from 1999 to 2010, and he is currently the President of the California Institute for Biomedical Research, or Calibr, a not-for-profit biomedical research institute. His awards include the Waterman Award of the National Science Foundation, membership in the National Academy of Sciences and National Institute of Medicine, the 1994 Wolf Prize in Chemistry, the 2003 Paul Ehrlich Prize, and the 2005 Arthur C. Cope Award of the American Chemical Society. Dr. Schultz received a B.S. in Chemistry and a Ph.D. in Organic Chemistry, both from the California Institute of Technology. We believe that Dr. Schultz is qualified to serve on our board of directors due to his extensive scientific background and deep industry experience.

**CLASS II DIRECTORS** *To continue in office until the 2016 Annual Meeting of Stockholders*

**David Mott** has served on our board of directors since March 2009 and as chairman of the board of directors since March 2014. Mr. Mott has served as a general partner of NEA since September 2008, where he leads the healthcare investing practice. From 1992 until 2008, Mr. Mott worked at MedImmune, LLC, a biotechnology company and subsidiary of AstraZeneca Plc, where he served in roles of increasing responsibility including Chief Operating Officer, Chief Financial Officer, President and from 2000, Chief Executive Officer. During that time, Mr. Mott also served as Executive Vice President of AstraZeneca Plc from June 2007 to July 2008. In 2002, Mr. Mott founded MedImmune Ventures and chaired its investment committee through his departure from MedImmune. Prior to joining MedImmune, he was a Vice President in the Health Care Investment Banking Group at Smith Barney, Harris Upham & Co. Inc. where he focused on public and private equity and debt financings as well as merger and acquisition work for biotechnology, healthcare services, and medical product and device companies. Mr. Mott is currently Chairman of TESARO, Inc., a biopharmaceutical company, and a director of Epizyme, Inc., a biopharmaceutical company. Mr. Mott received a B.A. in Economics and Government from Dartmouth College. We believe that Mr. Mott is qualified to serve on our board of directors due to his extensive experience in the life sciences industry as a senior executive, his investment experience, strategic leadership track record and service on other boards of directors of life sciences companies.

**Michael Raab** has served as our President and Chief Executive Officer and a director since March 2009. From 2002 to 2009, Mr. Raab was a partner at New Enterprise Associates, or NEA, a venture capital firm, specializing in healthcare investments focusing on the biotechnology and pharmaceutical sectors. Prior to joining NEA, Mr. Raab spent 15 years in commercial and operating leadership roles in the biotech and pharmaceutical industries. He was Senior Vice President, Therapeutics and General Manager of the Renal Division at Genzyme Corporation, a biotechnology company. Mr. Raab also spent two years with Genzyme's Diagnostic products and services division.

Before Genzyme, Mr. Raab held business development and sales and marketing positions at Repligen Corporation, a life sciences company, and Bristol-Myers Squibb Company. Mr. Raab is currently a director of Amicus

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Therapeutics, Inc., a biopharmaceutical company. Mr. Raab currently serves as a member of the board of directors of BayBio, a non-profit trade association serving the life science industry in Northern California, and as a member of the Emerging Companies Section Governing Board of the Biotechnology Industry Organization. Mr. Raab received a B.A. from DePauw University. We believe Mr. Raab is qualified to serve on our board of directors based on his role as our President and Chief Executive Officer, his senior management experience in the life sciences sector, his investment experience and his current and past service on other boards of directors of public companies.

**CLASS III DIRECTORS** *To continue in office until the 2017 Annual Meeting of Stockholders*

**Gordon Ringold, Ph.D.** was appointed to our board of directors in June 2014. Dr. Ringold has served as the President and CEO of Quadriga BioSciences, Inc., a biotechnology company, since January 2015. From March 2000 to December 2013, Dr. Ringold served as Chairman and Chief Executive Officer of Alavita, Inc., a biotechnology company. From March 1995 to February 2000, Dr. Ringold served as Chief Executive Officer and Scientific Director of Affymax Research Institute where he managed the development of novel technologies to accelerate the pace of drug discovery. Dr. Ringold is currently also a director of Alexza Pharmaceuticals, Inc., a pharmaceutical company. From 1997 to 2013, Dr. Ringold served as a member of the board of directors of Maxygen, Inc., a publicly-traded biopharmaceutical company. Dr. Ringold received a Ph.D. in microbiology from University of California, San Francisco, in the laboratory of Dr. Harold Varmus before joining the Stanford University School of Medicine, Department of Pharmacology. Dr. Ringold also received a B.S. in biology from the University of California, Santa Cruz. We believe that Dr. Ringold is qualified to serve on our board of directors due to his significant industry experience, including as a chief executive officer, and service on other boards of directors of publicly-traded life sciences companies.

**Richard Rodgers** has served on our board of directors since March 2014. From March 2010 until August 2013, Mr. Rodgers was co-founder, Executive Vice President, Chief Financial Officer, Secretary and Treasurer of TESARO, Inc., a biopharmaceutical company. Mr. Rodgers previously served as the Chief Financial Officer from June 2009 to February 2010 of Abraxis BioScience, Inc., a biotechnology company. Prior to that, Mr. Rodgers served as Senior Vice President, Controller and Chief Accounting Officer of MGI PHARMA, Inc., a biopharmaceutical company, from 2004 until its acquisition by Eisai Co. Ltd., a pharmaceutical company, in January 2008. Mr. Rodgers has held finance and accounting positions at several private and public companies, including Arthur Anderson & Co. Mr. Rodgers currently serves as a director of Rexahn Pharmaceuticals, Inc., a biopharmaceutical company. Mr. Rodgers received a B.S. in Financial Accounting from St. Cloud State University and his M.B.A. in Finance from the University of Minnesota, Carlson School of Business. We believe that Mr. Rodgers is qualified to serve on our board of directors due to his financial background, significant industry experience, and service on other boards of directors of publicly-traded life sciences companies.

**Table of Contents****PROPOSAL NO. 2****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee of our board of directors has selected Ernst & Young LLP, or EY, as our independent registered public accounting firm for the year ending December 31, 2015, and is seeking ratification of such selection by our stockholders at the 2015 Annual Meeting. EY has audited our financial statements for the fiscal years ended December 31, 2014, 2013 and 2012. Representatives of EY are expected to be present at the 2015 Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of EY as our independent registered public accounting firm. However, the audit committee is submitting the selection of EY to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain EY. Even if the selection is ratified, the audit committee in its discretion may select a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

The affirmative vote of a majority of the shares cast at the 2015 Annual Meeting will be required to ratify the selection of EY.

**THE BOARD OF DIRECTORS RECOMMENDS****A VOTE FOR PROPOSAL NO. 2.**

For the fiscal years ended December 31, 2014 and 2013, EY billed the approximate fees set forth below. All fees included below were approved by the audit committee.

	<b>Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Audit Fees <sup>(1)</sup>	\$ 1,377,232	\$ 369,774
Audit-Related Fees <sup>(2)</sup>		
Tax Fees <sup>(3)</sup>	35,500	
All Other Fees		
<b>Total All Fees</b>	<b>\$ 1,412,732</b>	<b>\$ 369,744</b>

- (1) This category consists of fees for professional services rendered for the audit of our financial statements, review of interim financial statements, assistance with registration statements filed with the SEC and services that are normally provided by EY in connection with statutory and regulatory filings or engagements. Related to the years ended December 31, 2014 and 2013, fees of \$879,982 and \$0, respectively were billed in connection with the filing of our Registration Statements on Form S-1 in connection with the initial public offering of our common stock, or IPO.

- (2) This category consists of fees for assurance and related services reasonably related to the performance of the audit or review of financial statements and that are not reported under the Audit Fees category. We did not incur any fees in this category in the years ended December 31, 2014 or 2013.
- (3) This category consists of fees for professional services rendered for tax compliance, tax advice and tax planning.

**Pre-Approval Policies and Procedures**

The audit committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by the independent registered public accounting firm. This policy is set forth in the charter of the audit committee and available at <http://ir.ardelyx.com/corporate-governance.cfm>. The audit committee has considered the role of EY in providing audit and audit-related services to the Company and has concluded that such services are compatible with EY's role as the Company's independent registered public accounting firm.

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

*The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The primary purpose of the audit committee is to oversee our financial reporting processes on behalf of our board of directors. The audit committee's functions are more fully described in its charter, which is available on our website at <http://ir.ardelyx.com/corporate-governance.cfm>.

In fulfilling its oversight responsibilities, the audit committee reviewed and discussed with management the Company's audited financial statements for the fiscal year ended December 31, 2014. The audit committee has discussed with EY, the Company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, issued by the Public Company Accounting Oversight Board, or PCAOB. In addition, the audit committee has discussed with EY their independence, and received from EY the written disclosures and the letter required by Ethics and Independence Rule 3526 of the PCAOB. Finally, the audit committee discussed with EY, with and without management present, the scope and results of EY's audit of the financial statements for the fiscal year ended December 31, 2014.

Based on these reviews and discussions, the audit committee has recommended to our board of directors that such audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the SEC.

**Audit Committee**

Richard Rodgers

David Mott

Gordon Ringold, Ph.D.

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**CORPORATE GOVERNANCE**

**Board Composition**

***Director Independence***

Our board of directors currently consists of six members. Our board of directors has determined that all of our directors, as well as each individual nominated by our board of directors for election to our board of directors at the 2015 Annual Meeting, other than Mr. Raab, qualify as independent directors in accordance with the NASDAQ listing requirements. Mr. Raab is not considered independent because he is an employee of our company.

The NASDAQ independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us. In addition, as required by NASDAQ rules, our board of directors has made a subjective determination as to each independent director and director nominee that no relationships exist, which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's and each nominee's business and personal activities and relationships as they may relate to us and our management. There are no family relationships among any of our directors, nominees for election to our board of directors or our executive officers.

As described more fully below, the board of directors has also determined that each current member of the compensation committee, the audit committee and the nominating and corporate governance committee, as well as each director and director nominee that we expect to serve on such committees after the 2015 Annual Meeting, meets the independence standards applicable to those committees prescribed by NASDAQ, the SEC, and the Internal Revenue Service.

***Classified Board of Directors***

In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three classes with staggered, three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election.

**Leadership Structure of the Board**

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

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

**Role of Board in Risk Oversight Process**

Risk assessment and oversight are an integral part of our governance and management processes. Our board of directors encourages management to promote a culture that incorporates risk management into our corporate

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strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the board of directors at regular board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

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

## **Meetings of the Board of Directors and Committees**

During 2014, the board of directors met 12 times, the audit committee met 2 times and the compensation committee met 2 times. In that year, each current director attended at least 75% of the meetings of the board of directors and the committees on which he served. In addition, one former director, Dr. Jean Frechet, who resigned from our board of directors in March 2014 prior to the completion of our initial public offering in June 2014, attended one of the two board meetings held during the time he served on our board of directors from January 2014 through March 2014. As required under NASDAQ rules and regulations, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present.

## **Board Committees**

### ***Audit Committee***

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

appoints our independent registered public accounting firm;

evaluates the independent registered public accounting firm's qualifications, independence and performance;

determines the engagement of the independent registered public accounting firm;

reviews and approves the scope of the annual audit and the audit fee;

discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;

approves the retention of the independent registered public accounting firm to perform any proposed permissible audit and non-audit services;

monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law;

is responsible for reviewing our consolidated financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;

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reviews our critical accounting policies and estimates; and

reviews the audit committee charter and the committee's performance.

The current members of our audit committee are Messrs. Mott and Rodgers and Dr. Ringold. Mr. Rodgers serves as the chairperson of the committee. After the 2015 Annual Meeting, we expect that our audit committee will be composed of Mr. Rodgers, as chairman, Mr. Mott and Dr. Ringold.

Each of the current members of our audit committee, as well as the expected members of our audit committee after the 2015 Annual Meeting, meets or will meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Mr. Rodgers is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of NASDAQ. Under the rules of the SEC, members of the audit committee must also meet heightened independence standards. Our board of directors has determined that each of Messrs. Mott and Rodgers and Dr. Ringold are independent under the heightened independence standards under the applicable rules of NASDAQ. Our audit committee has been established in accordance with the rules and regulations of the Exchange Act. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. A copy of the audit committee charter is available to security holders on the Company's website at <http://ir.ardelyx.com/corporate-governance.cfm>.

***Compensation Committee***

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The compensation committee reviews and approves corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives, and sets the compensation of these officers, other than the Chief Executive Officer, based on such evaluations. The board of directors retains the authority to determine and approve, upon the recommendation of the compensation committee, the compensation of the Chief Executive Officer, unless such authority has been delegated to the compensation committee. Our executive officers submit proposals to the board of director and compensation committee regarding our executive and director compensation. The compensation committee also approves grants of stock options and other awards under our stock plans. The compensation committee has delegated authority to the Chief Executive Officer to grant stock options to purchase shares of common stock to existing and new non-senior management team employees, with such individual grants to be consistent with equity grant guidelines provided by our compensation consultant and approved by the compensation committee and with the aggregate number of shares of common stock eligible for purchase upon the exercise of stock options granted under this delegation to be no more than 65,000 shares. The compensation committee will review and evaluate, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. The current members of our compensation committee are Messrs. Mott and Rodgers and Dr. Schultz. Mr. Mott serves as the chairman of the committee. After the 2015 Annual Meeting, and subject to election by our stockholders in the case of Dr. Schultz, we expect that our compensation committee will be composed of Mr. Mott, as chairman, Mr. Rodgers and Dr. Schultz.

Each of the current members of our compensation committee, as well as the expected members of our compensation committee after the 2015 Annual Meeting, is or will be an independent under the applicable rules and regulations of The NASDAQ Global Market, is or will be a non-employee director as defined in Rule 16b-3 promulgated under the Exchange Act and is or will be an outside director as that term is defined in Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or Section 162(m). The compensation committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. A copy of the compensation committee charter is

available to security holders on the Company's website at <http://ir.ardelyx.com/corporate-governance.cfm>.

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For fiscal year 2014, the compensation committee retained Compensia, Inc., or Compensia, a national executive compensation consulting firm, to conduct market research and analysis on our various executive positions, to assist the committee in developing appropriate incentive plans for our executives on an annual basis, to provide the committee with advice and ongoing recommendations regarding material executive compensation decisions, and to review compensation proposals of management. In compliance with the disclosure requirements of the SEC regarding the independence of compensation consultants, Compensia addressed each of the six independence factors established by the SEC with the compensation committee. Its responses affirmed the independence of Compensia on executive compensation matters. Based on this assessment, the compensation committee determined that the engagement of Compensia did not raise any conflicts of interest or similar concerns. The compensation committee also evaluated the independence of other outside advisors to the compensation committee, including outside legal counsel, considering the same independence factors and concluded their work for the compensation committee does not raise any conflicts of interest.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The current members of our nominating and corporate governance committee are Dr. Ringold and Mr. Rodgers. Dr. Ringold serves as the chairman of the committee. After the 2015 Annual Meeting, we expect that our nominating and corporate governance committee will be composed of Dr. Ringold, as chairman, Dr. Jenkins and Mr. Rodgers.

Each of the current members of our nominating and corporate governance committee, as well as the expected members of our nominating and corporate governance committee after the 2015 Annual Meeting, is or will be an independent director under the applicable rules and regulations of NASDAQ relating to nominating and corporate governance committee independence. Following the 2015 Annual Meeting, we will continue to comply with NASDAQ's rules regarding independent director oversight of director nominations under either NASDAQ Rule 5605(e)(1)(A) or 5605(e)(1)(B). The nominating and corporate governance committee operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. A copy of the nominating and corporate governance committee charter is available to security holders on the Company's website at <http://ir.ardelyx.com/corporate-governance.cfm>.

Dr. Jenkins was recommended to our board of directors and our nominating and corporate governance committee by our chief executive officer and by certain of our other existing directors.

### **Board Diversity**

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

personal and professional integrity;

ethics and values;

experience in corporate management, such as serving as an officer or former officer of a publicly held company;

experience in the industries in which we compete;

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experience as a board member or executive officer of another publicly held company;

diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;

conflicts of interest; and

practical and mature business judgment.

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

## **Code of Business Conduct and Ethics**

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The code of business conduct and ethics is available on our website at <http://ir.ardelyx.com/corporate-governance.cfm>. We expect that any substantive amendments to the code, or any waivers of its requirements, will be disclosed on our website. The reference to our web address does not constitute incorporation by reference of the information contained at or available through our website.

## **Director Attendance at Annual Meetings**

Our board of directors has a policy of encouraging director attendance at our annual meetings of stockholders, but attendance is not mandatory. Our board of directors and management team encourage all of our directors to attend the 2015 Annual Meeting.

## **Stockholder Communications with the Board of Directors**

A stockholder may communicate with the board of directors, or an individual director, by sending written correspondence to the Company's General Counsel at Ardelyx, Inc., 34175 Ardenwood Blvd., Fremont, CA 94555. The General Counsel will review such correspondence and forward it to the board of directors, or an individual director, as appropriate.

## **Compensation Committee Interlocks and Insider Participation**

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



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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

The following is a description of transactions since January 1, 2014 to which we have been a party, in which the amount involved exceeds \$120,000, and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

**Sales and Purchases of Securities**

***Participation in our IPO***

In connection with our IPO, the underwriters allocated an aggregate of 888,053 shares of our common stock in the offering to certain of our principal stockholders and/or affiliates on the same terms as the other shares that were offered and sold in our IPO. These allocations included allocations to the following owners of more than 5% of a class of our capital stock: 510,442 shares to New Enterprise Associates 12, Limited Partnership; 308,905 shares to CMEA Ventures II, LP; 7,921 shares to CMEA Ventures II (Parallel), LP; and 60,785 shares to Amgen Ventures LLC. All of the shares allocated to our principal stockholders and/or affiliates were sold at \$14.00, which was the IPO price.

**Consulting Agreement with Dr. Susan Rosenbaum**

In November 2012, we entered into a consulting agreement with Susan Rosenbaum, Ph.D., the wife of David Rosenbaum, Ph.D, our Vice President, Drug Development. Dr. Susan Rosenbaum provides clinical operation services to us, and she is compensated at a rate of \$125 per hour for her services. For the year ended December 31, 2014, Dr. Susan Rosenbaum was a paid a total of \$229,000 for her services pursuant to the consulting agreement. On January 5, 2015, Dr. Susan Rosenbaum became an employee of the Company.

**Indemnification Agreements and Directors and Officers Liability Insurance**

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys fees, judgments, penalties fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

**Investor Rights Agreement**

We entered into an amended and restated investor rights agreement with the purchasers of our outstanding convertible preferred stock and certain holders of common stock and warrants to purchase our convertible preferred stock, including entities with which certain of our directors are affiliated. As of March 31, 2015, the holders of approximately 9.7 million shares of our common stock are entitled to rights pursuant to the amended and restated investor rights agreement to the registration of their shares under the Securities Act.

**Policies and Procedures for Related Party Transactions**

Our board of directors has adopted a written related person transaction policy setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act of 1933, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where

the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party and the extent of the related person's interest in the transaction.

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**NON-EMPLOYEE DIRECTOR COMPENSATION**

In May 2014, our board of directors approved a compensation policy for our non-employee directors, or the Director Compensation Program. Pursuant to the Director Compensation Program, we do not pay director fees to directors who are employees and our non-employee directors receive cash compensation as follows:

Each non-employee director receives an annual cash retainer in the amount of \$35,000 per year.

The non-employee Chairman of the Board receives an additional annual cash retainer in the amount of \$25,000 per year.

The chairperson of the audit committee receives additional annual cash compensation in the amount of \$20,000 per year for such chairperson's service on the audit committee. Each non-chairperson member of the audit committee receives additional annual cash compensation in the amount of \$10,000 per year for such member's service on the audit committee.

The chairperson of the compensation committee receives additional annual cash compensation in the amount of \$15,000 per year for such chairperson's service on the compensation committee. Each non-chairperson member of the compensation committee receives additional annual cash compensation in the amount of \$7,500 per year for such member's service on the compensation committee.

The chairperson of the nominating and corporate governance committee receives additional annual cash compensation in the amount of \$8,000 per year for such chairperson's service on the nominating and corporate governance committee. Each non-chairperson member of the nominating and corporate governance committee receives additional annual cash compensation in the amount of \$4,000 per year for such member's service on the nominating and corporate governance committee.

In lieu of a cash retainer, each non-employee director will also have the ability to elect to receive a stock award consisting of that number of fully vested shares of common stock calculated by dividing the amount of the cash retainer by the fair market value of the common stock on the date of our annual meeting of stockholders. Members of our board of directors are also reimbursed for reasonable travel and other out-of-pocket expenses.

Under the Director Compensation Program, each non-employee director is automatically granted an option to purchase 25,000 shares of our common stock upon initial appointment or election to our board of directors. In addition, each continuing non-employee director who has been serving on our board of directors for at least six months as of the date of any annual meeting of our stockholders and will continue to serve as a non-employee director immediately following such meeting is automatically granted an option to purchase 15,000 shares of our common stock on the date of each annual stockholders meeting. Each initial non-employee director stock option vests with respect to 1/36<sup>th</sup> of the shares on each monthly anniversary of the grant date, subject to the non-employee director's continued service on our board of directors through such date. Each annual stock option granted to our non-employee directors, vests with respect to 1/12<sup>th</sup> of the shares on each monthly anniversary of the grant date, subject to acceleration in full immediately prior to the next annual stockholders meeting, subject to the non-employee director's continued service on our board of directors through such date. The Director Compensation Program also provides that

upon a Change in Control of Ardelyx (as defined in our equity incentive plan), all outstanding equity awards granted under an equity incentive plan maintained by Ardelyx that are held by a non-employee director will become fully vested and/or exercisable.

**Table of Contents****2014 Director Compensation Table**

The following table sets forth information for the year ended December 31, 2014 regarding the compensation awarded to, earned by or paid to our non-employee directors:

Name	Fees Earned or Paid in			Total (\$)
	Cash (\$)	Option Awards <sup>(1)</sup> (\$)	All Other Compensation (\$)	
David Mott	85,000			85,000
Gordon Ringold, Ph.D.	53,000	329,496		382,496
Richard Rodgers	72,664 <sup>(2)</sup>	329,496		402,160
Peter Schultz, Ph.D.	42,500			42,500

- (1) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to the non-employee members of our board of directors during 2014 as computed in accordance with ASC 718. The assumptions used in calculating the grant date fair value of the stock option reported in the Option Awards column are set forth in Note 8 to the audited financial statements included in our Annual Report on Form 10-K filed on March 5, 2015. The amounts reported in this column exclude the impact of estimated forfeitures related to service-based vesting provisions. Note that amounts reported in this column reflect the accounting for cost for these stock options, and do not correspond to the actual economic value that may be received by the directors from the options.
- (2) Includes \$6,164 paid to Mr. Rodgers in connection with his service as a member of our board of directors prior to our IPO.

As of December 31, 2014, each of our non-employee directors held the following outstanding options:

Name	Shares Subject to Outstanding Options
Gordon Ringold, Ph.D.	30,000
Richard Rodgers	30,000

Table of Contents**EXECUTIVE OFFICERS**

The following table sets forth information regarding our executive officers as of March 31, 2015.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Michael Raab	50	President, Chief Executive Officer and Director
Jeremy Caldwell, Ph.D.	46	Executive Vice President and Chief Scientific Officer
Mark Kaufmann	47	Chief Financial Officer
David Rosenbaum, Ph.D.	54	Senior Vice President, Drug Development
Elizabeth Grammer, Esq.	51	Vice President and General Counsel

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

**Jeremy Caldwell, Ph.D.**, has served as our Chief Scientific Officer since December 2014. From January 2014 to November 2014, Dr. Caldwell was an Entrepreneur-in-Residence at Third Rock Ventures focusing on the formation and development of life science companies. Prior to joining Third Rock, Dr. Caldwell served as Vice President, Head of RNA Therapeutics, Lead Discovery and Protein Sciences for Merck Research Laboratories, or Merck, from November 2008 to November 2013. Prior to joining Merck, he was the Executive Director of Molecular and Cellular Biology, Lead Discovery and Genomics at the Genomics Institute of the Novartis Research Foundation, or GNF. Additionally, he was Chairman and Head of GNF's Technology and Early Research Committee, in which he was responsible for the novel target and new technology portfolio. Prior to that, he was one of the first scientists at the biopharmaceutical company Rigel Inc. Dr. Caldwell received a B.S. in Molecular and Cellular Biology from the University of California at Berkeley and a Ph.D. in Molecular Pharmacology from Stanford University.

**Mark Kaufmann** has served as our Chief Financial Officer since May 2014 and formerly served as our Chief Business Officer from August 2011 until May 2014. Mr. Kaufmann has over 20 years of experience in the biopharmaceutical industry in both the U.S. and Canada in business and corporate development roles. From 2008 to 2010, Mr. Kaufmann was President and Chief Executive Officer of Allosteria Pharma Inc., a preclinical company focused on autoimmune diseases. Prior to joining Allosteria, Mr. Kaufmann was President and Chief Executive Officer of Celmed BioSciences, Inc., a biopharmaceutical company, and he started his career as Director of Strategic Planning and Investor Relations at MedImmune in 1994. Mr. Kaufmann received a B.A. in Biochemical Sciences from Harvard University and a M.B.A. from the University of Michigan School of Business.

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

Biology from the University of Pennsylvania, a M.S. in Toxicology from Albany Medical College and a Ph.D. in Pharmacology from Boston University School of Medicine.

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

**Table of Contents****EXECUTIVE COMPENSATION**

The following is a discussion and analysis of compensation arrangements of our named executive officers, or NEOs. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. As an emerging growth company as defined in the Jumpstart our Business Startups Act of 2012 we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

Our compensation committee, appointed by our board of directors, is responsible for establishing, implementing and monitoring our compensation philosophy and objectives. We seek to ensure that the total compensation paid to our executive officers is reasonable and competitive. Compensation of our executives is structured around the achievement of individual performance and near-term corporate targets as well as long-term business objectives.

Our NEOs for fiscal year 2014 were as follows:

Michael Raab, President and Chief Executive Officer;

Jeremy Caldwell, Ph.D., Executive Vice President and Chief Scientific Officer;

Mark Kaufmann, Chief Financial Officer; and

Dominique Charmot, former Chief Scientific Officer.

Dr. Charmot resigned as Chief Scientific Officer and a member of our board of directors, effective December 23, 2014. In connection with Dr. Charmot's resignation, Dr. Caldwell was hired as our Executive Vice President, Research effective December 1, 2014.

**2014 Summary Compensation Table**

The following table shows information regarding the compensation of our NEOs for services performed in the year ended December 31, 2014.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Non-Equity Incentive		Total (\$)
						Plan Compensation (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	
Michael Raab	2014	426,708	39,338			130,662		596,708
<i>President and Chief</i>	2013					57,449		473,749

*Executive Officer*

Jeremy Caldwell, Ph.D.	2014	32,083	100,000	2,196,162	2,328,245
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*Executive Vice**President and Chief**Scientific Officer*

Mark Kaufmann	2014	281,875	37,068	86,292	405,235
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*Chief Financial Officer*

Dominique Charmot, Ph.D.	2014	311,130	835,886	512,048	1,659,064
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<i>Former Chief</i>	2013	310,000		33,325	343,325
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*Scientific Officer*

- (1) The amount reported in the Bonus column for Dr. Caldwell represents a \$100,000 signing bonus paid to Dr. Caldwell, which signing bonus is subject to reimbursement in the event that Dr. Caldwell terminates his employment without good reason, or we terminate his employment for cause, in either case before the first

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- anniversary of the commencement of his employment with us (100% to be reimbursed) or during the period between the first and second anniversaries of the commencement of his employment (50% to be reimbursed). Please see the description of Dr. Caldwell's Change in Control Severance Agreement in Narrative to 2014 Summary Compensation Table and Outstanding Equity Awards at 2014 Fiscal Year-End Terms and Conditions of Employee Arrangements with our NEOs below. The amounts reported in the Bonus column for Messrs. Raab and Kaufmann represents discretionary amounts paid to each executive as the result of exceptional performance outside of the pre-established goals for our annual cash performance-based bonus program. Please see the description of annual performance bonuses paid to our NEOs in Narrative to 2014 Summary Compensation Table and Outstanding Equity Awards at 2014 Fiscal Year-End Terms and Conditions of Annual Bonuses below.
- (2) Pursuant to his transition and separation agreement, 58,969 shares of common stock held by Dr. Charmot pursuant to the early exercise of unvested options, vested and were released from our right of repurchase as a result of Dr. Charmot's separation on December 23, 2014. The amount reported for Dr. Charmot in the Stock Awards column for 2014 includes the incremental fair value of the modified award, as computed in accordance with ASC 718, which is the fair value at the date of modification minus the fair value of the original award at the date of modification. See Note 8 to the audited financial statements included in our Annual Report on Form 10-K filed on March 5, 2015. The amounts reported in this column exclude the impact of forfeitures related to service-based vesting conditions. Note that the amount reported in this column reflect the accounting cost for the stock award modification and do not correspond to the actual economic value that may be received by Dr. Charmot from the stock award modification.
- (3) The amount reported in the Option Awards column represents the grant date fair value of the stock options granted to our NEOs during 2013 and 2014 as computed in accordance with ASC 718. The assumptions used in calculating the grant date fair value of the stock options granted in 2014 reported in the Options Column are set forth in Note 8 to the audited financial statements included in our Annual Report on Form 10-K filed on March 5, 2015. The amounts reported in this column exclude the impact of forfeitures related to service-based vesting conditions. Note that the amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the NEOs from the options.
- (4) The amounts reported in the Non-Equity Incentive Plan Compensation column represent the annual cash performance-based bonuses earned by our NEOs pursuant to the achievement of certain company and individual performance objectives. The amounts earned in 2014 were paid to our named executive officers in January 2015. Drs. Charmot and Caldwell were not eligible to receive performance bonuses for 2014 because Dr. Charmot was no longer providing services to us through the end of 2014 as he resigned his employment in December 2014 and Dr. Caldwell commenced employment with us in December 2104. Please see the description of the annual performance bonuses paid to our NEOs in Narrative to 2014 Summary Compensation Table and Outstanding Equity Awards at 2014 Fiscal Year-End Terms and Conditions of Annual Bonuses below.
- (5) The amount reported in the All Other Compensation column for Dr. Charmot represents a lump sum cash severance payment of \$397,188, severance benefits of \$85,812 consisting of payment of continued health, dental and vision insurance premiums for himself and any covered dependents for 24 months, and accrued paid time off cash out of \$29,048. Please see the description of Dr. Charmot's transition and separation agreement in Narrative to 2014 Summary Compensation Table and Outstanding Equity Awards at 2014 Fiscal Year-End Terms and Conditions of Transition and Separation Agreement with Dr. Charmot below.

**Table of Contents****Outstanding Equity Awards at 2014 Fiscal Year-End**

The following table sets forth specified information concerning unexercised stock options for each of the NEOs outstanding as of December 31, 2014.

Name	Vesting Commencement Date	Option Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Michael Raab	9/15/2010 <sup>(1)</sup>	36,123		1.08	9/15/2020
	8/1/2011 <sup>(1)</sup>	267,892		0.54	8/1/2021
Jeremy Caldwell, Ph.D.	12/1/2014 <sup>(2)</sup>		90,000	32.74	12/3/2024
Mark Kaufmann	8/8/2011 <sup>(3)</sup>	137,658		0.54	8/8/2021

- (1) The options are fully exercisable upon the date of grant, provided that the options vest monthly in substantially equal installments until the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through each such date. Any shares that are purchased prior to vesting are subject to a repurchase right in favor of the company, which repurchase right lapses in accordance with the vesting schedule.
- (2) The option vests and becomes exercisable as to 25% of the shares subject to the option on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting and becoming exercisable monthly thereafter in substantially equal installments until the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through each such date.
- (3) The option is fully exercisable upon the date of grant, provided that the option vests as to 25% of the shares subject to the option on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting monthly thereafter in substantially equal installments until the fourth anniversary of the vesting commencement date, subject to the holder continuing to provide services to us through each such date. Any shares that are purchased prior to vesting are subject to a repurchase right in favor of the company, which repurchase right lapses in accordance with the vesting schedule.

**Narrative to 2014 Summary Compensation Table and Outstanding Equity Awards at 2014 Fiscal Year End*****Terms and Conditions of Employee Arrangements with our NEOs***

We have entered into agreements with each of the NEOs in connection with his employment with us. These agreements set forth the terms and conditions of employment of each named executive officer, including base salary, initial equity award grants, and standard employee benefit plan participation. Our board of directors or the compensation committee reviews each NEO's base salary from time to time to ensure compensation adequately reflects the NEO's qualifications, experience, role and responsibilities. For fiscal year 2014, Mr. Raab's annual base salary was \$426,708, Dr. Charmot's annual base salary was \$317,750 (which was pro-rated for his partial service and

resignation in December 2014), Mr. Kaufmann's annual base salary was \$281,875, and Dr. Caldwell's annual base salary was \$385,000 (which was prorated for his partial service when he commenced employment in December 2014). In addition, for 2014, Mr. Raab, Dr. Charmot and Mr. Kaufmann each had an annual bonus target of 30%, 25% and 30%, respectively, of base salary awarded based on the achievement of certain corporate and individual performance goals set by the board of directors. Dr. Caldwell was not eligible for a performance bonus in 2014 because he commenced service in December 2014, but his annual bonus target for 2015 will be 40%. The annual target bonus for 2015 for Mr. Raab and Mr. Kaufmann will be 50% and 40%, respectively.

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In June 2014, we entered into an amended and restated employment agreement with Mr. Raab. We also entered into a change in control severance agreement with Dr. Charmot (which was superseded by his transition and separation agreement as described in more detail below) and an amended and restated change in control severance agreement with Mr. Kaufmann. In December 2014, we entered a change in control severance agreement with Dr. Caldwell in connection with his commencement of employment with us.

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

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

In addition, under Dr. Caldwell's change in control severance agreement, Dr. Caldwell received a signing bonus equal to \$100,000 in connection with his commencement of employment with us in December 2014. The signing bonus is subject to reimbursement in the event that Dr. Caldwell terminates his employment without good reason, or we terminate his employment for cause, in either case before the first anniversary of the commencement of his employment with us (100% to be reimbursed) or during the period between the first and second anniversaries of the commencement of employment with us (50% to be reimbursed).

Under Mr. Kaufmann's amended and restated change in control severance agreement, in the event Mr. Kaufmann's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case more than three months prior to or more than 12 months after a change in control, then Mr. Kaufmann will receive: (i) continued payment of his annual base salary as in effect immediately prior to such termination for a period of nine months; and (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of such termination. In the event Mr. Kaufmann's employment with us is involuntarily terminated for reason other than cause or he resigns for good reason, in each case within three months prior to and 12 months

after a change in control, then Mr. Kaufmann will receive: (i) a lump sum amount equal to the sum of his base salary as in effect immediately prior to such termination and his

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target annual bonus for the year of termination; (ii) payment of healthcare continuation costs for him and his eligible dependents for up to 12 months following the date of such termination; and (iii) full accelerated vesting of any outstanding equity awards, with any options remaining exercisable until 12 months following the date of termination or the original expiration date.

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

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

***Terms and Conditions of Annual Bonuses***

For 2014, our NEOs were eligible for performance-based cash incentives pursuant to the achievement of certain corporate and individual performance objectives. The performance goals for these annual performance cash bonuses were reviewed and approved by the board of directors. The determination of the amount of bonuses paid to our NEOs generally reflects a number of considerations, including individual performance and financing and research goals.

Each NEO's target bonus opportunity is expressed as a percentage of base salary which can be achieved by meeting corporate and individual performance goals. Our board of directors or our compensation committee has historically reviewed these target percentages to ensure they are adequate, but does not follow a formula. Instead, our board of directors or our compensation committee has set these rates based on each participating executive's experience in her or his role with our company and the level of responsibility held by each executive, which the board of directors or our compensation committee believe directly correlates to her or his ability to influence corporate results. For fiscal year 2014, our board of directors used a guideline target bonus opportunity of 30% of base salary for Mr. Raab, 25%

of base salary for Dr. Charmot, and 30% of base salary for Mr. Kaufmann. Dr. Caldwell was not eligible to receive a performance bonus in 2014 because he commenced employment in

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December 2014. In addition, while Dr. Charmot was originally eligible for a performance bonus in 2014, he resigned his employment with us effective December 2014. As a result, Messrs. Raab and Kaufmann were the only NEOs eligible to receive performance bonuses at the end of 2014.

For determining performance bonus amounts for our NEOs for 2014, our board of directors set certain corporate performance goals. In setting these goals, our board of directors considered the status of our discovery programs, our financial status, and our role in certain critical activities being conducted under the collaboration partnership with AstraZeneca. Of the ten corporate goals, four were tied to the achievement of specific development milestones for tenapanor, one was aimed at advancing our internal discovery programs, and the remaining five addressed financing, operational and business development objectives. While the board of directors did not specify specific goals for individuals, each individual's participation in the achievement of the corporate goals was assessed, as well as the executive's handling of unplanned events and opportunities. For 2014, the corporate and individual components of the annual bonus were weighted at 80% and 20%, respectively, for Mr. Raab and Mr. Kaufmann. The board of directors determined that 90% of the corporate goals had been achieved or exceeded, and that Messrs. Raab and Kaufmann each achieved or exceed 100% of their individual goals. The board of directors determined that due to the company's outstanding performance in 2014, the company's performance against its corporate goals should be set at 130% and each of Mr. Raab's and Mr. Kaufmann's performance against personal goals should be set at 150%. In addition, the board of directors allocated an additional discretionary bonus of \$10,000 to Mr. Kaufmann due to his promotion to Chief Financial Officer during 2014 and his performance during our IPO.

Following its review and determinations of corporate and individual achievements for 2014, the board of directors awarded cash bonuses to Messrs. Raab and Kaufmann in amounts equal to 39.81% and 43.74% of each of their base salaries, respectively. The NEOs' 2014 bonuses are set forth in the 2014 Summary Compensation Table above.

***Terms and Conditions of Equity Award Grants***

Dr. Caldwell was the only NEO who received an equity award grant in 2014. The table above entitled Outstanding Equity Awards at 2014 Fiscal Year End describes the material terms of other option awards made in past fiscal years to our NEOs. In connection with Dr. Caldwell's commencement of employment with us in December 2014, Dr. Caldwell was granted an option to purchase 90,000 shares of our common stock under our 2014 Plan at an exercise price equal to \$32.74, which was our fair market value of our common stock on the grant date. Dr. Caldwell's option vests and becomes exercisable as to 25% of the shares subject to the option on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting and becoming exercisable monthly thereafter in substantially equal installments until the fourth anniversary of the vesting commencement date, subject to Dr. Caldwell continuing to provide services to us through such dates.

***Terms and Conditions of Transition and Separation Agreement with Dr. Charmot***

On September 4, 2014, we entered into a transition and separation agreement with Dr. Charmot, pursuant to which Dr. Charmot continued in his role as our Chief Scientific Officer through December 23, 2014, at which time he resigned his employment with us and resigned from our board of directors. In exchange for a general release of claims against us and our affiliates, Dr. Charmot received a lump sum cash severance payment equal to 12 months' of his base salary (or \$317,750), subject to Dr. Charmot's continued compliance with the terms of the transition and separation agreement (including a two year non-solicitation restrictive covenant) and his confidential information agreement with us. In addition, we paid to Dr. Charmot a lump sum cash payment equal to 25% of his base salary (or \$79,437). Dr. Charmot is also entitled to continued health coverage at the Company's expense until the earlier of December 23, 2016 or the date he is otherwise no longer eligible for COBRA continuation coverage. Finally, the vesting of 100% of the unvested restricted stock awards (or the equivalent of 58,969 shares of common stock) held by Dr. Charmot was

accelerated in full. The separation benefits set forth in Dr. Charmot's transition and separation agreement supersede his offer letter with us and his amended and restated change in control severance agreement.

**Table of Contents****Equity Plan Compensation Information**

The following table provides certain information as of December 31, 2014, with respect to all of our equity compensation plans in effect on that date.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b> <b>(a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b> <b>(b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b> <b>(c)<sup>(3)</sup></b>
Equity Compensation Plans Approved by Stockholders <sup>(1)(2)</sup>	1,007,724	\$ 5.51	1,468,044
Equity Compensation Plans Not Approved by Stockholders			
<b>Total</b>	<b>1,007,724</b>	<b>\$ 5.51</b>	<b>1,468,044</b>

(1) Includes the Ardelyx, Inc., 2014 Equity Incentive Plan, 2014 Employee Stock Purchase Plan and 2008 Stock Incentive Plan, as amended.

(2) The Ardelyx, Inc., 2014 Equity Incentive Plan and the Ardelyx, Inc., 2014 Employee Stock Purchase Plan contain evergreen provisions, pursuant to which (i) the number of shares of common stock reserved for issuance pursuant to awards under the 2014 Equity Incentive Plan shall be increased on the first day of each year beginning in 2015 and ending in 2024, equal to the lesser of (A) four percent (4.0%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year, and (B) such smaller number of shares of stock as determined by our board of directors; *provided, however*, that no more than 10,683,053 shares of stock may be issued upon the exercise of incentive stock options, and (ii) the maximum number of shares of common stock which will be authorized for sale under our 2014 Employee Stock Purchase Plan shall be increased on the first day of each year beginning in 2015 and ending in 2024, equal to the lesser of (A) one percent (1.0%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year, and (B) such smaller number of shares of stock as determined by our board of directors.

(3) Includes 202,762 shares that were available for future issuances as of December 31, 2014 under the 2014 Employee Stock Purchase Plan, which allows eligible to purchase shares of common stock with accumulated payroll deductions.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information relating to the beneficial ownership of our common stock as of April 21, 2015, by:

each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of common stock;

each of our directors and nominees for director;

each of our named executive officers; and

all directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director, nominee or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of April 21, 2015 through the exercise of stock options or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 18,642,752 shares of our common stock outstanding as of April 21, 2015. Shares of our common stock that a person has the right to acquire within 60 days of April 21, 2015 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Ardelyx, Inc., at 34175 Ardenwood Blvd., Suite 200, Fremont, CA 94555.

Name and Address of Beneficial Owner	Beneficial Ownership			
	Number of Outstanding Shares Beneficially Owned	Number of Shares Exercisable Within 60 Days	Number of Shares Beneficially Owned	Percentage of Beneficial Ownership
<b>5% and Greater Stockholders</b>				
Entities Associated with New Enterprise Associates <sup>(1)</sup>	5,621,199		5,621,199	30.15%
Entities Associated with CMEA <sup>(2)</sup>	3,239,706		3,239,706	17.38%
FMR LLC <sup>(3)</sup>	1,826,222		1,826,222	9.80%
	1,053,500		1,053,500	5.65%

Cormorant Global Healthcare Master Fund,  
LP<sup>(4)</sup>

**Named Executive Officers and Directors**

Michael Raab <sup>(5)</sup>	83,685	311,827	395,512	2.09%
Jeremy Caldwell				
Mark Kaufmann <sup>(6)</sup>	596	132,445	133,041	*
Dominique Charmot, Ph.D. <sup>(7)</sup>	44,972		44,972	*
David Mott				
Annalisa Jenkins, MMBS, MRCP				
Gordon Ringold, Ph.D. <sup>(8)</sup>		10,000	10,000	*
Richard Rodgers <sup>(9)</sup>		11,666	11,666	*
Peter Schultz, Ph.D. <sup>(10)</sup>	860,700		860,700	4.62%
All directors and executive officers as a group (10 persons) <sup>(11)</sup>	1,061,018	560,666	1,621,684	8.44%

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

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- (1) Includes 5,619,734 shares held by New Enterprise Associates 12, Limited Partnership ( NEA 12 ), as reported on Form 13D/A filed with the SEC on December 18, 2014, by, NEA 12, NEA Partners 12, Limited Partnership ( NEA Partners 12 ), NEA 12 GP LLC ( NEA 12 LLC ), M. James Barrett ( Barrett ), Peter J. Barris ( Barris ) Forese Baskett ( Baskett ), Ryan D. Drant ( Drant ), Patrick J. Kerins ( Kerins ), Krishna S. Kolluri ( Kolluri ), and Scott D. Sandell ( Sandell ) and on Forms 4 filed with the SEC on December 29, 2014 by, NEA 12 LLC, NEA Partners 12, Barrett, Baskett, Drant, Kerins Kolluri and Scott D. Sandell ( Sandell ). NEA 12 LLC is the sole general partner of NEA Partners 12, and NEA Partners 12 is the sole general partner of NEA 12. Barrett, Barris, Baskett, Drant, Kerins, Kolluri and Sandell (together, Managers ) are the managers of NEA 12 LLC. NEA 12, NEA 12 LLC, NEA Partners 12 and the Managers share voting and dispositive power with regard to the shares held directly by NEA 12. NEA Partners 12, NEA 12 LLC and each of the Managers disclaims beneficial ownership of the shares held by NEA 12, except to the extent of any respective pecuniary interest therein. Also includes 1,465 shares held by NEA Ventures 2008, L.P. ( Ven 2008 ), which shares are held indirectly by Karen P. Welsh, the general partner of Ven 2008. Ms. Welsh disclaims beneficial ownership of the shares held by Ven 2008, except to the extent of her pecuniary interest in such shares. The address of NEA 12 and Ven 2008 is 1954 Greenspring Drive, Suite 600, Timonium, MD 21093.
- (2) As reported on Form 13G filed with the SEC on February 12, 2015 by CMEA Ventures VII, GP, LLC ( CMEA GP LLC ), CMEA Ventures VII GP, L.P. ( CMEA GP LP ), CMEA Ventures VII, L.P. ( CMEA VII ), CMEA Ventures VII (Parallel ), L.P. ( CMEA VII Parallel ), David J. Collier ( Collier ), Faysal A. Sohail ( Sohail ) and James F. Watson ( Watson ). CMEA GP LLC serves as the general partner of CMEA GP LP, which serves as the general partner of CMEA VII and CMEA VII Parallel and may be deemed to own beneficially the shares held by CMEA VII and CMEA VII Parallel. Collier, Watson and Sohail share voting and investment power over and may be deemed to own beneficially the shares held by CMEA VII and CMEA VII Parallel. Includes 3,158,716 shares held by CMEA VII and 80,990 shares held by CMEA VII Parallel. The address of CMEA VII and CMEA VII Parallel is One Letterman Drive, Building C, Suite CM 500, San Francisco, CA 94129.
- (3) As reported on Schedule 13G filed with the SEC on February 13, 2015 by FMR LLC ( FMR ), Edward C. Johnson 3<sup>rd</sup>, Abigail P. Johnson and Select Biotechnology Portfolio pursuant to a joint filing agreement. Edward C. Johnson 3<sup>rd</sup> is a Director and the Chairman of FMR LLC and Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC. Members of the family of Edward C. Johnson 3<sup>rd</sup>, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3<sup>rd</sup> nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ( Fidelity Funds ) advised by Fidelity Management & Research Company ( FMR Co ), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees. FMR has its principal business office at 245 Summer Street, Boston MA 02210.
- (4) As reported on Schedule 13G/A filed with the SEC on February 17, 2015 by Cormorant Global Healthcare Master Fund, LP ( Fund ), Cormorant Global Healthcare GP, LLC ( GP ), Cormorant Asset Management, LLC ( Manager ) and Bihua Chen ( Chen ). GP serves as the general partner of the Fund, and Manager serves as the investment manager of the Fund. Chen serves as the managing member of GP and Manager. Each of Fund, GP, Manager and Chen disclaims beneficial ownership of such shares, except to the extent of their pecuniary interest therein. The address of Fund, GP, Manager and Chen is 100 High Street, Suite 1105, Boston, MA 02110.



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- (5) Consists of (i) 83,658 shares directly owned by Mr. Raab, (ii) 27 shares owned directly by Michael G. Raab, trustee of the Michael G. Raab Living Trust dated July 25, 2012, and (iii) 311,827 shares that may be acquired pursuant to the exercise of stock options within 60 days of April 21, 2015, of which 11.163 shares would be unvested and subject to a right of repurchase if all 311,827 shares were exercised within 60 days of April 21, 2015.
- (6) Consists of (i) 596 shares directly owned by Mr. Kaufmann, and (ii) 132,445 shares that may be acquired pursuant to the exercise of stock options within 60 days of April 21, 2015, of which 5,989 shares would be unvested and subject to a right of repurchase if all 132,445 shares were exercised within 60 days of April 21, 2015.
- (7) Consists of (i) 41,098 shares directly owned by Dr. Charmot, and (ii) 3,874 shares owned by Dominique Charmot and Sylvie Charmot, Trustees of the Charmot 2012 Irrevocable Trust.
- (8) Consists of 10,000 shares that may be acquired pursuant to the exercise of stock options within 60 days of April 21, 2015.
- (9) Consists of 11,666 shares that may be acquired pursuant to the exercise of stock options within 60 days of April 21, 2015.
- (10) Includes 4,492 shares that will remain unvested 60 days after April 21, 2015, and are subject to a right of repurchase.
- (11) Consists of 1,061,018 shares, of which 6,807 will remain unvested 60 days after April 21, 2015 and are subject to a right of repurchase and 560,666 shares that may be acquired pursuant to the exercise of stock options within 60 days of April 21, 2015, of which 44,235 shares will be unvested and subject to a right of repurchase if exercised within 60 days of April 21, 2015. Does not include shares beneficially owned by Dr. Charmot who resigned as our Chief Scientific Officer and member of our Board effective December 23, 2014.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the U.S. Securities and Exchange Commission, or SEC, initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2014, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with, except for Form 3 filings that were one day late for David Rosenbaum, Peter Schultz, George Jue and Elizabeth Grammer due to administrative delays and a Form 4 filing for Michael Raab.

**ADDITIONAL INFORMATION**

**Householding of Proxy Materials**

The SEC has adopted rules known as "householding" that permit companies and intermediaries (such as brokers) to deliver one set of proxy materials to multiple stockholders residing at the same address. This process enables us to reduce our printing and distribution costs, and reduce our environmental impact. Householding is available to both registered stockholders and beneficial owners of shares held in street name.

***Registered Stockholders***

If you are a registered stockholder and have consented to householding, then we will deliver or mail one set of our proxy materials, as applicable, for all registered stockholders residing at the same address. Your consent will continue unless you revoke it, which you may do at any time by providing notice to the Company's Corporate Secretary by telephone at (510) 745-1700 or by mail at Ardelyx, Inc., 34175 Ardenwood Blvd., Suite 200, Fremont, CA 94555.

If you are a registered stockholder who has not consented to householding, then we will continue to deliver or mail copies of our proxy materials, as applicable, to each registered stockholder residing at the same address. You may elect to participate in householding and receive only one set of proxy materials for all registered stockholders residing at the same address by providing notice to the Company as described above.

***Street Name Holders***

Stockholders who hold their shares through a brokerage may elect to participate in householding, or revoke their consent to participate in householding, by contacting their respective brokers.

**Annual Reports**

**This proxy statement is accompanied by our 2014 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, or the 10-K. The 10-K includes our audited financial statements. We have filed the 10-K with the SEC, and it is available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) and on our website at [ir.ardelyx.com](http://ir.ardelyx.com). In addition, upon written request to the Company's Corporate Secretary at Ardelyx, Inc., Suite 200, 34175 Ardenwood Blvd., Fremont, CA 94555, we will mail a**

**paper copy of our 10-K, including the financial statements and the financial statement schedules, to you free of charge.**

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**Other Matters**

As of the date of this proxy statement, our board of directors knows of no other matters that will be presented for consideration at the 2015 Annual Meeting other than the matters described in this proxy statement. If other matters are properly brought before the 2015 Annual Meeting, then proxies will be voted in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in accordance with the best judgment of the proxy holder.

By Order of the Board of Directors:

/s/ Elizabeth Grammer  
Elizabeth Grammer

Vice President and General Counsel  
By Order of the Board of Directors:

Fremont, California

April 24, 2015

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