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

FORM 10-Q

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

For the quarterly period ended March 31, 2016.

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

For the transition period from to

Commission file number: 001-37449

Nivalis Therapeutics, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**20-8969493**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3122 Sterling Circle, Suite 200 Boulder, Colorado	**80301**
(Address of principal executive offices)	**(Zip Code)**

(720) 945-7700
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, as of April 30, 2016 was 15,462,030.

NIVALIS THERAPEUTICS, INC.

FORM 10-Q

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Nivalis Therapeutics, Inc.
Balance Sheets
(In thousands, except for share amounts)

	March 31, 2016	December 31, 2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 16,030	$ 24,991
Marketable securities	64,182	62,263
Prepaid expenses and other current assets	501	432
Total current assets	80,713	87,686
Property and equipment and other assets, net	224	223
Total assets	$ 80,937	$ 87,909
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,196	$ 994
Accrued direct program expenses	2,609	1,555
Accrued employee benefits	712	1,675
Accrued other liabilities	61	195
Total current liabilities	4,578	4,419
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized and no shares issued and outstanding for both periods presented	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized and 15,462,030 shares issued and outstanding for both periods presented	15	15
Additional paid-in capital	233,016	232,309
Accumulated other comprehensive income	3	3
Accumulated deficit	(156,675)	(148,837)
Total stockholders' equity	76,359	83,490
Total liabilities and stockholders' equity	$ 80,937	$ 87,909

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

Nivalis Therapeutics, Inc.
Statements of Operations and Comprehensive Loss
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenue	$ —	$ —
Operating expenses:		
Research and development	5,567	3,017
General and administrative	2,367	1,298
Loss from operations	(7,934)	(4,315)
Interest income	96	1
Net loss and comprehensive loss	$ (7,838)	$ (4,314)
Weighted average shares outstanding - basic and diluted	15,462	2,209
Net loss per share - basic and diluted	$ (0.51)	$ (1.95)

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

Nivalis Therapeutics, Inc.
Statement of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid--in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2015	15,462	$ 15	$232,309	$ 3	$ (148,837)	$ 83,490
Employee stock-based compensation expense	—	—	707	—	—	707
Net loss	—	—	—	—	(7,838)	(7,838)
Balance as of March 31, 2016	15,462	$ 15	$233,016	$ 3	$ (156,675)	$ 76,359

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

Nivalis Therapeutics, Inc.
Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	**2015**
Operating activities		
Net loss	$ (7,838)	$ (4,314)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	30	16
Stock-based compensation expense	707	151
Changes in operating assets and liabilities:		
Prepaid expenses and other	(69)	(2,669)
Accounts payable	202	1,709
Accrued direct program expenses	1,054	(88)
Accrued employee benefits	(963)	305
Accrued other liabilities	(134)	(5)
Net cash used in operating activities	(7,011)	(4,895)
Investing activities		
Purchases of property and equipment	(31)	(52)
Purchases of marketable securities	(29,469)	—
Proceeds from sales and maturities of marketable securities	27,550	—
Net cash used in investing activities	(1,950)	(52)
Net decrease in cash and cash equivalents	(8,961)	(4,947)
Cash and cash equivalents, beginning of period	24,991	27,812
Cash and cash equivalents, end of period	$ 16,030	$ 22,865

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

NIVALIS THERAPEUTICS, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. Organization and Description of Business

Nivalis Therapeutics, Inc. (the "Company" or "Nivalis"), incorporated in Delaware on August 1, 2012, is a clinical stage pharmaceutical company committed to the discovery, development and commercialization of therapeutics for people with cystic fibrosis. In addition to developing innovative solutions intended to extend and improve the lives of people with cystic fibrosis, Nivalis plans to utilize its proprietary S-nitrosoglutathione reductase (GSNOR) inhibitor portfolio to develop therapeutics for other diseases.

2. Liquidity Risks

The Company has incurred operating losses and has an accumulated deficit as a result of ongoing research and development spending. As of March 31, 2016, the Company had an accumulated deficit of $156.7 million. For the three months ended March 31, 2016, net loss was $7.8 million and net cash used in operating activities was $7.0 million. The Company anticipates that operating losses and net cash used in operating activities will continue and substantially increase over the next several years as it expands development activities for its N91115 product candidate.

The Company has historically financed its operations primarily through the sale of its equity securities and debt offerings. The Company will continue to be dependent upon such sources of funds until it is able to generate positive cash flows from its operations. Management has determined that the Company's existing cash, cash equivalents and marketable securities as of March 31, 2016 will be sufficient to fund operations at least through the next twelve months.

The Company expects to fund future operations through the sale of its equity securities, incurring debt, entering into partnerships, obtaining grants, or seeking other nondilutive sources of financing. There can be no assurance that sufficient funds from these sources will be available to the Company when needed or at all or on terms that are favorable to the Company. If the Company is unable to obtain additional funding from these or other sources when needed, or to the extent needed, it would have a negative impact on the Company's financial condition and its ability to pursue its business strategy. It could force the Company to delay, limit, reduce or terminate research and development programs and commercialization efforts or cause the Company to cease operations in full.

3. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include all adjustments necessary for the presentation of the Company's financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes, including accrued liabilities and the fair value-based measurement of equity instruments. Actual results could differ materially from those estimates. The Company evaluates its estimates and assumptions as facts and circumstances dictate.

Unaudited Interim Financial Data

The balance sheet at December 31, 2015 was derived from the Company's audited financial statements, but does not include all the disclosures required by GAAP. These financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2015. The accompanying interim financial statements as of March 31, 2016 and for the three months ended March 31, 2016 and 2015, are unaudited. The unaudited interim financial statements have been prepared on a basis consistent with the audited financial statements, pursuant to the rules and regulations of the SEC for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to fairly state the Company's financial position as of March 31, 2016 and the results of operations and cash flows for the three months ended March 31, 2016

and 2015. The results for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016 or for any future interim period.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of deposits with commercial banks in checking, interest-bearing and demand money market accounts.

Marketable Securities

The Company has designated marketable securities as available-for-sale securities and accounts for them at their respective fair values. Marketable securities are classified as short-term or long-term based on the nature of the securities and their availability to meet current operating requirements. Securities that are classified as available-for-sale are carried at fair value, including accrued interest, with temporary unrealized gains and losses reported as a component of stockholders' equity until their disposition. The Company reviews all available-for-sale securities at each period end to determine if they remain available-for-sale based on the Company's then current intent and ability to sell the security if it is required to do so. The cost of securities sold is based on the specific identification method. All marketable securities are subject to a periodic impairment review. The Company will recognize an impairment charge when a decline in the fair value of the investments below the cost basis is judged to be other-than-temporary.

Accrued Direct Program Expenses

Substantial portions of the Company's preclinical studies and clinical trials are performed by third-party laboratories, medical centers, contract research organizations and other vendors (collectively CROs). These CROs generally bill monthly or quarterly for services performed or upon achieving certain milestones. For preclinical studies, the Company accrues expenses based upon estimated percentage of work completed and the contract milestones remaining. For clinical studies, expenses are accrued based upon the number of patients enrolled and the duration of the study. The Company monitors patient enrollment, the progress of clinical studies and related activities to the extent possible through internal reviews of data reported to the Company by the CROs or within software tracking systems, correspondence with the CROs and clinical site visits. Company estimates depend on the timeliness and accuracy of the data provided by the CROs regarding the status of each program and total program spending. The Company periodically evaluates these estimates to determine if adjustments are necessary or appropriate based on information received.

Comprehensive Loss

Comprehensive loss is comprised of net loss and adjustments for the change in unrealized gains and losses on the Company's investments in available-for-sale marketable securities. The Company presents comprehensive loss and its components in the statements of operations and comprehensive loss for the three months ended March 31, 2016, although the amount for this period was immaterial for disclosure purposes.

Net Loss per Share

The Company reports net loss per share in accordance with the standard codification of ASC "Earnings per Share" ("ASC 260"). Under ASC 260, basic earnings per share, which excludes dilution, is computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could be exercised or converted into common shares, and is computed by dividing net loss by the weighted average of common shares outstanding plus the dilutive potential common shares. Diluted earnings per share excludes the impact of options to purchase common stock, restricted stock, warrants to purchase common stock and convertible preferred stock, as the effect would be anti-dilutive. During a loss period, the assumed exercise of in-the-money stock options and other potentially diluted instruments has an anti-dilutive effect and therefore, these instruments are excluded from the computation of dilutive earnings per share.

Recent Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The amendments in this update simplify several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, statutory tax withholding requirements, as well as classification within the statement of cash flows. The guidance will be effective for the annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company is currently evaluating the impact of the new pronouncement on its financial statements.

For additional discussion of recent accounting pronouncements please refer to Note 3, "Summary of Significant Accounting Policies – Recent Accounting Pronouncements", in the Company's previously filed Annual Report on Form 10-K for the year ended December 31, 2015. The Company did not adopt any new accounting pronouncements during the three months ended March 31, 2016 that had a material effect on its financial statements.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents and marketable securities approximate their fair value based upon quoted market prices. Certain financial instruments are not measured at fair value on a recurring basis, but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as cash, accounts payable, accrued direct program expenses, and accrued employee benefits, and other financial instruments included within current assets or current liabilities.

Fair Value Measurements

In general, asset and liability fair values are determined using the following categories:

Level 1 – inputs utilize quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs and include situations where there is little, if any, market activity for the balance sheet items at period end. Pricing inputs are unobservable for the terms and are based on the Company's own estimates about the assumptions that a market participant would use in pricing as asset.

The Company's financial instruments, including money market investments, reverse repurchase agreements, corporate debt securities, U.S. Treasury securities and obligations of U.S. government agencies, are measured at fair value on a recurring basis. There were no transfers between levels for the three months ended March 31, 2016.

Assets and liabilities measured at fair value on a recurring basis consisted of the following types of instruments as of March 31, 2016 and December 31, 2015 (in thousands):

Description	March 31, 2016	Quoted prices in active markets for identical assets (Level 1)	Quoted prices for similar assets observable in the marketplace (Level 2)	December 31, 2015	Quoted prices in active markets for identical assets (Level 1)	Quoted prices for similar assets observable in the marketplace (Level 2)
Assets measured at fair value:						
Money market investments	$ 7,592	$ 7,592	$ —	$ 12,131	$ 12,131	$ —
U.S. Treasury securities, obligations of U.S. government agencies, corporate debt securities and reverse repurchase agreements	70,182	—	70,182	73,261	—	73,261

4. Cash, Cash Equivalents and Marketable Securities

The following is a summary of cash, cash equivalents and marketable securities as of March 31, 2016 and December 31, 2015 (in thousands):

	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair market value
March 31, 2016				
Cash	$ 2,438	$ -	$ -	$ 2,438
Money market funds	7,592	-	-	7,592
Reverse repurchase agreement	6,000	-	-	6,000
U.S Treasury securities and obligations of U.S. government agencies	27,643	9	-	27,652
Corporate debt securities	36,536	1	(7)	36,530
Total for March 31, 2016	$ 80,209	$ 10	$ (7)	$ 80,212
December 31, 2015				
Cash	$ 1,862	$ –	$ –	$ 1,862
Money market funds	12,131	–	–	12,131
Reverse repurchase agreements	6,000	–	–	6,000
U.S Treasury securities and obligations of U.S. government agencies	28,982	4	(7)	28,979
Corporate debt securities	38,276	22	(16)	38,282
Total for December 31, 2015	$ 87,251	$ 26	$ (23)	$ 87,254

5. Stockholders' Equity

Concurrent with the Company's initial public offering completed in June 2015 (the "IPO"), the Company increased its authorized number of shares of common stock to 200,000,000 shares, eliminated its authorized shares of convertible preferred stock and authorized 10,000,000 shares of preferred stock for future issuance.

Common Stock

On June 22, 2015, the Company completed its IPO of 6,325,000 shares of its common stock, including 875,000 shares from the exercise of the underwriters' over-allotment option. The Company received proceeds of $78.8 million from its IPO, net of $9.8 million in expenses and underwriters' discounts and commissions relating to the issuance and distribution of the securities.

At March 31, 2016, shares of common stock have been reserved for issuance as follows:

Options to purchase common stock - issued	1,807,118
Options to purchase common stock - unissued	1,347,452
Employee stock purchase plan	222,876
Warrants to purchase common stock	18,534
	3,395,980

6. Net Loss per Share

The Company excluded the following common stock equivalents, outstanding as of March 31, 2016 and 2015, from the computation of diluted net loss per share for the applicable quarterly periods because they had an anti-dilutive impact on the computation:

	March 31,	
	2016	2015
Options to purchase common stock - issued	1,807,118	1,294,889
Unvested restricted common stock	—	2,032
Convertible preferred stock	—	6,915,525
Warrants to purchase common stock	18,534	18,534
Total	1,825,652	8,230,980

7. Subsequent Events

Effective April 18, 2016, the Company appointed David Rodman, M.D., as Chief Medical Officer and Executive Vice President of Discovery. In connection with Dr. Rodman's appointment, the Company's Compensation Committee approved a grant of stock options to purchase 108,333 shares of the Company's common stock (the "Options") and 216,667 restricted stock units ("RSUs"). The Options and RSUs are considered to be inducement grants in accordance with NASDAQ Listing Rule 5635(c)(4). The Options and RSUs are subject to the terms and conditions of an Inducement Stock Option Agreement and an Inducement Restricted Stock Unit Agreement between the Company and Dr. Rodman.

The Company evaluated events up to the filing date of these interim financial statements and determined that no other subsequent activity required disclosure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Information

This Quarterly Report on Form 10-Q and the information incorporated herein by reference includes statements that are, or may be deemed, "forward-looking statements." In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately" or, in each case, their negative or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. They appear in a number of places throughout this Quarterly Report on Form 10-Q and include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things, our ongoing and planned preclinical studies and clinical trials, the timing of and our ability to make regulatory filings and obtain and maintain regulatory approvals for our product candidates, the degree of clinical utility of our products, particularly in specific patient populations, expectations regarding clinical trial data, our liquidity and future funding needs, our results of operations, financial condition, prospects, growth and strategies, the industry in which we operate and the trends that may affect the industry or us.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics and industry change and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from the forward-looking statements contained herein. Any forward-looking statements that we make in this Quarterly Report on Form 10-Q speak only as of the date of this report, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

You should also read carefully the factors described in the "Risk Factors" section of our annual report on Form 10-K filed with the SEC for the year ended December 31, 2015 and in this Quarterly Report on Form 10-Q to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements as well as statements we make in our other reports filed with the SEC concerning our business development programs, financial condition and results of operations. You may obtain a copy of all reports we file with the SEC on our website at www.nivalis.com. Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in, and are not considered part of, this report.

Overview

We are a clinical stage pharmaceutical company committed to the discovery, development and commercialization of therapeutics for people with cystic fibrosis. In addition to developing innovative solutions intended to extend and improve the lives of people with cystic fibrosis, we plan to utilize our proprietary S-nitrosoglutathione reductase, or GSNOR, inhibitor portfolio to develop therapeutics for other diseases.

Cystic fibrosis, or CF, is a life-shortening genetic disease that affects an estimated 70,000 people worldwide, predominately in the United States and Europe. CF is characterized by a defect in the chloride channel of human cells known as the "cystic fibrosis transmembrane conductance regulator," or CFTR, which is caused by mutations in the CFTR gene. N91115 works through a novel mechanism of action called GSNOR inhibition to modulate the unstable and defective CFTR protein responsible for CF. GSNOR inhibition restores GSNO levels thereby modifying the chaperones responsible for CFTR protein degradation. This stabilizing effect increases the amount of CFTR protein at the cell surface and the function of the CFTR chloride channel which, in turn, leads to an increase in net chloride secretion. Nivalis discovered and owns exclusive rights to N91115 in the United States and all other major markets, including U.S. composition of matter patent protection until at least 2031.

Our Phase 1b clinical trial of N91115 in people with CF who had two copies of the F508del-CFTR mutation was completed in September 2015. The randomized, double-blind, placebo-controlled, parallel group study of orally administered N91115 demonstrated favorable safety, tolerability and pharmacokinetics of various doses of N91115 (50,

100 and 200 mg twice daily) in a total of 51 people with CF. Furthermore, a trend toward a modest reduction in sweat chloride, a marker of CFTR activity, was observed in the highest dose tested. This reduction in sweat chloride was statistically significant within group but not when compared with placebo.

During November 2015, we initiated a Phase 2, 12-week, double-blind, randomized, placebo-controlled, parallel group study to investigate the efficacy and safety of N91115 in 135 adult patients with CF who have two copies of the F508del-CFTR mutation and are being treated with Orkambi™ (lumacaftor/ivacaftor). In early April 2016, we reached the 50 percent enrollment milestone for this clinical trial.

During March 2016, we initiated, and will soon begin dosing patients in a Phase 2, proof-of-concept study to further evaluate the effect of N91115 in patients who have one copy of the F508del-CFTR mutation and a second mutation that results in a gating defect in the CFTR protein. The study is designed to evaluate the efficacy and safety of N91115 in adult patients who have these mutations and who are being treated with Kalydeco™ (ivacaftor).

Our operations to date have focused on discovery and development of our portfolio of GSNOR inhibitors, including N91115 and N6022. N6022 was the first product candidate to emerge from our GSNOR inhibitor portfolio and was optimized for inhaled delivery with low oral bioavailability. In order to provide translational evidence of GSNOR's role in lung disease, we initially explored the effects of N6022 in patients with mild asthma using an intravenous formulation. N6022 demonstrated a significant, beneficial effect on the airways in these patients, thus confirming the beneficial effects of N6022 observed in our preclinical studies of asthma. N6022 paved the way for N91115 by establishing initial safety of the class in healthy subjects and patients with CF. Because an oral dosage form is preferable in CF, a systemic disease that is not confined to the lungs, we elected to discontinue further development of N6022 in the chronic management of CF, but we may pursue development of N6022 in an inhaled dosage form for other potential indications.

During June 2015, we completed our initial public offering, or IPO, of an aggregate 6,325,000 shares of common stock at a price to the public of $14.00 per share for aggregate gross proceeds of $88.6 million, before $9.8 million in underwriting commissions and discounts and offering expenses. Our common stock is listed on the NASDAQ Global Market under the symbol "NVLS".

Since inception, we have financed our operations primarily through the proceeds from our IPO, as well as private placements of equity and convertible debt. From our inception in July 2003 to March 31, 2016, we raised $220.0 million in net proceeds from these sources. As of March 31, 2016, we had cash, cash equivalents and marketable securities of $80.2 million and no debt.

We have incurred losses from operations in each year since our inception. Our net loss was $7.8 million for the three months ended March 31, 2016, and we had an accumulated deficit of $156.7 million. We expect to continue incurring losses for the foreseeable future as we advance our lead product candidate, N91115, through clinical development, regulatory approval and, if approved, commercialization. We expect that research and development expenses will increase as we continue to develop our product candidates, and general and administrative costs will increase as we operate as a public company. We anticipate that we will need to raise additional capital, in addition to the IPO proceeds raised in June 2015, prior to the commercialization of N91115 or any other potential product candidate. Until such time that we can generate revenue from product sales, which, based on our current development plans, we do not expect to occur until 2018 at the earliest, we expect to finance our operating activities primarily through selling equity, incurring debt, entering into partnerships, and obtaining grants or seeking other nondilutive sources of financing. However, we may be unable to raise additional funds or enter into such arrangements when needed on favorable terms, if at all. Our failure to raise capital when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. It could force us to delay, limit, reduce or terminate our research and development programs and commercialization efforts or cause us to cease operations in full.

Financial Operations Overview

Revenue

To date, we have not generated any revenue. In the future, we may generate revenue from sales or licensing of N91115 or other potential product candidates. Based on our current development plans, however, we do not expect to

generate product revenue until 2018 at the earliest. If we fail to complete the clinical development of an N91115-based therapy, our ability to generate future revenue, and our results of operations and financial position, will be adversely affected.

Research and Development Expense

Research and development expense consists of costs incurred for the development of our product candidates, which include:

- direct program expenses, which are costs incurred for contract research organizations, or CROs, clinical investigators, clinical consultants and clinical sites that will conduct our preclinical studies and clinical trials as well as costs associated with acquiring, developing and manufacturing preclinical and clinical supplies;
- employee-related expenses, including salaries, benefits, travel and other compensation expenses;
- costs associated with regulatory filings; and
- costs of laboratory supplies, facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other operating costs related to research and development.

Research and development costs are expensed as incurred. Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development primarily due to the increased size and duration of later-stage clinical trials. Thus, we expect our research and development expenses to increase for the foreseeable future as we seek to advance clinical development of our lead product candidate, N91115.

Below is a summary of our research and development expenses by categories of costs for the periods presented. The other expenses category includes travel, lab and office supplies, clinical trial management software license fees, business insurance and other miscellaneous expenses.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Direct program expenses		
N91115 for cystic fibrosis	$ 3,478	$ 1,587
Personnel and other expenses		
Salaries, benefits and stock-based compensation	1,480	1,098
Consulting and outsourced services	89	58
Facilities and depreciation	81	67
Other expenses	439	207
Total research and development expenses	$ 5,567	$ 3,017

All of our research and development expenses for the three months ended March 31, 2016 and 2015 relate to the development of N91115. We have expended an aggregate of approximately $20.2 million for direct program expenses related to N91115 from inception through March 31, 2016. The successful development of N91115 or any other potential product candidate is uncertain. We cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of, or when the period in which we receive material net cash inflows may commence, from N91115 or any other potential product candidate. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of clinical trials which vary significantly over the life of a project as a result of differences arising during clinical development, including:

- the number and results of our clinical trials;
- the number of clinical sites included in the trials;
- the number of patients who ultimately participate in the trials;

- the length of time required to enroll suitable patients; and
- the ability to obtain a drug supply for our trials.

Our expenditures are subject to additional uncertainties, including the commercial uptake of Orkambi, our preclinical study and clinical trial expenses, our costs to acquire, develop and manufacture preclinical study and clinical trial materials, the timing of regulatory approval for N91115 and post-commercialization and other incremental research and development costs for N91115 or any other potential product candidate. We may obtain unexpected results from our clinical trials. We may elect to discontinue, delay or modify clinical trials of some product candidates or focus on others. Changes in variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the U.S. Food and Drug Administration, or FDA, or other regulatory authorities were to require us to conduct preclinical studies or clinical trials beyond those which we anticipate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the clinical development of our product candidates and we may not obtain results from trials that are delayed when anticipated.

General and Administrative Expense

General and administrative expense consists principally of salaries and related costs not included in research and development expenses, including stock-based compensation, for personnel in executive, finance, business development and information technology functions, facility costs and professional fees for legal, patent review, consulting and accounting services.

We anticipate that our general and administrative expense will increase during the next two fiscal years due to many factors. The most significant of these factors include:

- increased personnel expenses, other than research and development personnel, to support the clinical development of N91115;
- increased patent filing and prosecution costs related to maintaining our patent portfolio; and
- increased expenses related to operating as a publicly traded company, including increased legal fees, accounting services, marketing, communications and investor relations.

Interest Income

Interest income for the three months ended March 31, 2016 and 2015 consists of interest earned on marketable securities and money market funds.

Results of Operations

Comparison of the Three Months Ended March 31, 2016 and 2015.

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2016 and 2015 were as follows:

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Research and development expenses	$ 5,567	$ 3,017
Increase from prior period	$ 2,550	—
% change from prior period	84.5 %	—

The increase in research and development expenses for the three months ended March 31, 2016 compared to the same period in the prior year was primarily due to $2.4 million in increased N91115 clinical trial expenses for the Phase

2 trial that was initiated in November 2015 and reached 50% patient enrollment in early April 2016. Partially offsetting this increase was a decrease of approximately $600,000 for clinical trial expenses incurred during the first quarter of 2015 related to our Phase 1b trial that was completed in 2015. In addition, salary expense and employee benefits increased by approximately $211,000 during the three months ended March 31, 2016 compared with the same period in the prior year due to increased headcount and annual merit salary increases. Stock-based compensation expense increased by approximately $171,000 during this same period due to stock options granted to Research and Development employees.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2016 and 2015 were as follows:

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
General and administrative expenses	$ 2,367	$ 1,298
Increase from prior period	$ 1,069	—
% change from prior period	82.4 %	—

The increase in general and administrative expenses for the three months ended March 31, 2016 compared to the same period in the prior year was primarily due to increased expenses related to operating as a publicly-traded company, including increased investor relations and various marketing expenses, audit fees and patent expenses. Additionally, stock-based compensation expense increased by approximately $381,000 during the three months ended March 31, 2016 compared with the same period in the prior year, due to stock option grants during September 2015. During this same comparison period, salary expense and employee benefits increased by approximately $163,000 due to increased headcount and annual merit salary increases.

Interest Income.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Interest income	$ 96	$ 1
Increase from prior period	$ 95	—

Interest income for the three months ended March 31, 2016 increased by $95,000 compared to the same period in the prior year. This increase was due to higher investment interest rates earned on a higher average cash and marketable securities balance following the completion of our IPO during June 2015.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through the proceeds from our IPO in June 2015 as well as private placements of equity and convertible debt in prior years. As of March 31, 2016, we had cash, cash equivalents and marketable securities of $80.2 million and no debt.

The following table sets forth the primary uses of cash for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Net cash used in operating activities	$ (7,011)	$ (4,895)
Net cash used in investing activities	(1,950)	(52)
Net decrease in cash and cash equivalents	$ (8,961)	$ (4,947)

Operating Activities

During the first quarter of fiscal 2016, our net loss of $7.8 million included noncash charges of $737,000, primarily associated with stock-based compensation. During this same period, our net operating liabilities, excluding cash, cash equivalents and marketable securities, increased by $90,000 and thus decreased our net cash used in operating activities to $7.0 million. Net operating liabilities increased primarily because of higher accounts payable and accrued direct program expenses of $1.3 million, decreases in accrued employee benefits of $963,000, decreases in accrued other liabilities of $134,000 and increases in prepaid expenses of $69,000. Increases in accounts payable and accrued direct program expenses were directly related to research and development costs for our Phase 2 clinical trial that initiated in November 2015. Accrued employee benefit costs decreased due to payment of employee performance bonuses during February 2016.

During the first quarter of fiscal 2015, our net loss of $4.3 million included noncash charges of $167,000, primarily associated with stock-based compensation. During this same period, our net operating liabilities, excluding cash and cash equivalents, decreased by $748,000. This was primarily the result of $2.7 million in increased prepaid expenses which were partially offset by increases in accounts payable and accrued employee benefits. Prepaid expenses increased by $2.2 million related to deferred IPO expenses while the balance was related to prepaid long term toxicology studies related to N91115. Increases in accounts payable of $1.7 million were directly related to accrued IPO expenses while the increase in accrued employee benefits of $305,000 was primarily related to accrued amounts for the fiscal 2015 employee incentive plan.

Investing Activities

The net cash used in investing activities of $1.9 million for the three months ended March 31, 2016 was primarily related to the net purchases of marketable securities.

Funding Requirements

We believe our existing cash, cash equivalents and marketable securities will provide resources to complete our recently initiated Phase 2 clinical trial and to fund our operating expenses and capital expenditure requirements to mid-2017 when we expect to be enrolling patients in our Phase 3 clinical program for N91115. We have based these estimates on assumptions that may prove to be incorrect, and given the risks and uncertainties associated with drug development and commercialization, we could require additional capital resources sooner than expected. Our present and future funding requirements will depend on many factors, including but not limited to:

- personnel-related expenses, including salaries, benefits, travel and other compensation expenses;
- our ability to advance the clinical development program for our lead product candidate, N91115;
- the scope, progress, results and costs of preclinical development and clinical trials of N91115 and any other product candidate;
- the costs, timing and outcome of regulatory review of N91115 or any other potential product candidate;
- the revenue, if any, received from commercial sales of N91115 or any other potential product candidate for which we, or any future partner, may receive marketing approval;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for N91115 or any other potential product candidate for which we receive marketing approval and do not partner for commercialization; and
- the extent to which we acquire, in-license or out-license other products and technologies.

Existing cash, cash equivalents and marketable securities will not be sufficient to fund our operations through successful development and commercialization of N91115 or any other potential product candidate. If we were unable to obtain additional financing, we may be required to reduce the scope of, delay, or eliminate some or all of our planned development and commercialization activities, which could harm our business. For more information as to the risks associated with our future funding requirements, see the risk factors under Item 1A. – “Risk Factors” of this Quarterly

Report on Form 10-Q and under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 that we have filed with the SEC.

Critical Accounting Policies and Significant Judgments and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a description of our critical accounting policies, please see Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. There have not been any material changes to our critical accounting policies since December 31, 2015.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at March 31, 2016:

	Payments due by period (in thousands) (unaudited)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase obligations	$10,445	$ 9,892	$ 553	$ —	$ —
Operating leases	600	297	303	—	—
Total obligations	$11,045	$10,189	$ 856	$ —	$ —

We have entered into contracts with third parties to provide future services, which include research and development, clinical development support and testing services. These purchase obligations include both cancellable and non-cancellable amounts. We also have an operating lease obligation for office and laboratory space, which will expire on March 31, 2018. We have the option to renew the lease for an additional three-year term and the option to terminate the lease at any time after March 31, 2017, for a termination fee of $25,000.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet activities, as defined in Item 303(a)(4) of Regulation S-K.

Recent Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The amendments in this update simplify several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, statutory tax withholding requirements, as well as classification within the statement of cash flows. The guidance will be effective for the annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are currently evaluating the impact of the new pronouncement on our financial statements.

For additional discussion of recent accounting pronouncements please refer to Note 3, "Summary of Significant Accounting Policies – Recent Accounting Pronouncements", in our previously filed Annual Report on Form 10-K for the year ended December 31, 2015. There were no new accounting pronouncements adopted during the three months ended March 31, 2016 that had a material effect on our financial statements.

We qualify as an "emerging growth company" pursuant to the provisions of the JOBS Act, which allows us to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we irrevocably chose to "opt out" of such extended transition period, and as a result, we plan to comply with any new or revised accounting standards on the relevant dates on which non-emerging growth companies must adopt such standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates. As of March 31, 2016, we had cash, cash equivalents and marketable securities of $80.2 million, consisting of deposits with commercial banks in checking, interest-bearing and demand money market accounts, reverse repurchase agreements, corporate debt securities, U.S. treasury securities and obligations of U.S. government agencies. The primary objectives of our investment policy are to preserve principal and maintain proper liquidity to meet operating needs.

Our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure to any single issue, issuer or type of investment. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term securities. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a−15(e) promulgated under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective. In connection with the filing of this Quarterly Report on Form 10-Q, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2016.

Changes in Internal Control over Financial Reporting

This Quarterly Report on Form 10-Q does not include a report on changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter due to a transition period established by the Exchange Act for newly public companies.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any legal proceedings.

ITEM 1A. RISK FACTORS

Our business faces significant risks and uncertainties. Certain factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. Accordingly, in evaluating our business, we encourage you to carefully consider the risk factors described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in our other public filings with the SEC. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our business, prospects, financial condition and results of operations.

There have been no material changes to the risk factors included in our previously filed Annual Report on Form 10-K for the year ended December 31, 2015. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may negatively impact our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Use of Proceeds

Our initial public offering, or IPO, of common stock was effected through a Registration Statement on Form S-1 (File No. 333-204127) declared effective by the SEC on June 16, 2015. On June 22, 2015, we sold 6,325,000 shares of common stock, including 825,000 shares sold to the underwriters pursuant to their option to purchase such shares to cover over allotments, at an initial public offering price of $14.00 per share, for aggregate gross proceeds of $88.6 million and net proceeds of $78.8 million after deducting underwriting discounts and commissions and expenses. The underwriters of the offering were Cowen & Company, LLC, Stifel, Nicolaus & Company, Incorporated, Robert W. Baird & Co., Incorporated and H.C. Wainwright & Co., LLC. Following the sale of the shares in connection with the closing of the IPO, the offering terminated.

Through March 31, 2016, we had not used any of our IPO proceeds for working capital or general corporate expenses. There has been no material change in our planned use of the net proceeds from the IPO as described in the final prospectus for the offering filed with the SEC pursuant to Rule 424(b).

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

The exhibits listed on the accompanying exhibit index are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

INDEX TO EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference from Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (Registration No. 333-205220) filed on June 25, 2015).
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.4 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-204127), filed May 13, 2015)
4.1	Form Common Stock Certificate of the Registrant (incorporated by reference from Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-204127), filed May 13, 2015)
4.2	Second Amended and Restated Warrant to Purchase Common Stock, dated February 18, 2011, issued to Horizon Credit I, LLC (incorporated by reference from Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-204127), filed May 13, 2015)
4.3	Second Amended and Restated Warrant to Purchase Common Stock, dated February 18, 2011, issued to Horizon Credit I, LLC (incorporated by reference from Exhibit 4.3 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-204127), filed May 13, 2015)
10.1	Employment Agreement, dated as of April 18, 2016, by and between the Registrant and David M. Rodman, M.D.*
10.2	Notice of Inducement Stock Option Grant and Inducement Stock Option Agreement, each dated April 18, 2016 by and between the Registrant and David M. Rodman, M.D.*
10.3	Notice of Restricted Stock Unit Inducement Grant and Inducement Restricted Stock Unit Agreement, each dated April 18, 2016 by and between the Registrant and David M. Rodman, M.D.*
31.1	Certification of the Registrant's Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Registrant's Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Indicates a management contract or a compensatory plan, contract or arrangement.

SIGNATURES

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

Date: May 3, 2016

NIVALIS THERAPEUTICS, INC.

By: /s/ Jon Congleton
Jon Congleton
President and Chief Executive Officer; Director
(Principal Executive Officer)

By: /s/ R. Michael Carruthers
R. Michael Carruthers
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), effective as of April 18, 2016, is between Nivalis Therapeutics, Inc., a Delaware corporation (the "Company"), and David M. Rodman, M.D. ("Employee").

In consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. **Employment**. The Company hereby employs Employee and Employee hereby agrees to be employed by the Company for the period and upon the terms and conditions hereinafter set forth.

2. **Capacity and Duties**. Employee shall be employed by the Company as the Company's Chief Medical Officer and Executive Vice President of Discovery. During his employment, Employee shall perform the duties and bear the responsibilities commensurate with his position and shall serve the Company faithfully and to the best of his ability, under the direction of the Board of Directors. Employee shall devote his entire working time, attention and energies to the business of the Company. His actions shall at all times be such that they do not discredit the Company or its products and services. Employee shall not engage in any other business activity or activities that, in the judgment of the Board of Directors, may conflict with the proper performance of Employee's duties hereunder, including constituting a conflict of interest between such activity and Company's business.

3. **Compensation and Benefits**.

(a) For all services rendered by Employee the Company shall pay Employee during the term of this Agreement an annual salary ("Base Salary") as set forth herein, payable semi-monthly in arrears. Employee's initial Base Salary shall be $450,000.00. During the term of this Agreement, the amount of Employee's Base Salary shall be subject to periodic reviews and adjustments as determined by the Board of Directors in its sole discretion.

(b) The Employee shall be eligible to receive an annual performance-based cash bonus in respect of each calendar year, beginning with the 2016 calendar year, to the extent earned based on the achievement of personal and financial performance objectives approved by the Company's Board of Directors no later than 45 days after the commencement of the relevant bonus period. The target annual bonus that the Employee may earn is equal to 40% of the Employee's Base Salary at the rate in effect at the end of the relevant calendar year; the bonus will not be pro-rated to reflect any partial year of employment. The Board of Directors, or a committee thereof, may not approve the payment of an annual performance bonus if applicable performance goals are not attained. The amount of any such annual bonus awarded for a calendar year shall be determined by the Board or a committee thereof after the end of the calendar year to which such bonus relates, and shall be paid to the Employee when annual bonuses are paid to other senior executives of the Company generally, but in no event later than April 30 of the calendar year following the year for which the bonus is earned. To be eligible

for any such annual bonus under this Section 3(b), the Employee must be actively employed by the Company at the time the Company pays bonuses for the relevant year.

(c) The Company shall provide Employee, during the term of this Agreement, with the benefits of such insurance plans, hospitalization plans and other employee fringe benefit plans as shall be generally provided to employees of the Company and for which Employee may be eligible under the terms and conditions thereof. Nothing herein contained shall require the Company to adopt or maintain any such employee benefit plans.

(c) During the term of this Agreement, except as otherwise provided in Section 5(b), Employee shall be entitled to sick leave and annual vacation consistent with the Company's customary paid time off policies.

(d) During the term of this Agreement, the Company shall reimburse Employee for all reasonable out-of-pocket expenses incurred by Employee in connection with the business of the Company and in the performance of his duties under this Agreement to the extent consistent with applicable Company policy in effect from time to time and upon presentation to the Company of an itemized accounting of such expenses with reasonable supporting data.

(e) In consideration of the Employee entering into this Agreement and as an inducement to join the Company, the Employee shall be granted a non-qualified stock option to purchase 108,333 shares of the Company's common stock (the "Option") and a restricted stock unit representing 216,667 shares of the Company's common stock (the "RSU"), subject to approval of the Board of Directors or a committee thereof. The exercise price per share of the Option shall be the fair market value of the Company's common stock (equal to the closing price of the Company's common stock as reported by the Nasdaq Stock Market) on the Option grant date. Subject to terms of an Option award agreement, twenty-five percent (25%) of the shares subject to the Option shall vest on the first anniversary of Employee's employment start date (anticipated to be April 18, 2016), and 1/48th of the shares subject to the Option shall vest monthly thereafter so that one hundred percent (100%) of the shares subject to the Option are vested on the fourth anniversary of the employment start date, so long as the Employee remains employed at each such vesting date. Subject to the terms of an RSU award agreement, 1/12th of the RSU's shall vest on the first day of each calendar quarter commencing with the calendar quarter immediately following the Employee's start date. In the event of any conflict or ambiguity between this Agreement and the Option award agreement or the RSU award agreement, the Option award agreement and the RSU award agreement, as applicable, shall govern.

(f) In further consideration of the Employee entering into this Agreement and as an inducement to join the Company, the Company shall pay the Employee a one-time signing bonus equal to $200,000, less any applicable taxes and withholdings. If prior to the three-year anniversary of the Employee's start date Employee resigns his employment or the Company terminates his employment pursuant to Section 5(c), then the Employee shall reimburse the Company (A) the full amount of such signing bonus if the Employee's employment so terminates on or prior to the one-year anniversary of his start date or (B) a pro rata amount of such signing bonus equal to $200,000 multiplied by the percentage of days following the

Employee's termination date remaining in such three-year period if the Employee's employment so terminates after the one-year anniversary of his start date.

4. **Term of Employment**. Unless sooner terminated in accordance with Section 5, the initial term of this Agreement shall be one (1) year from the effective date of this Agreement, and thereafter shall continue for one year terms from year to year unless and until either party shall give notice to the other at least 30 days prior to the end of the original or then current renewal term of his or its intention to terminate at the end of such term.

5. **Termination/Severance.**

(a) If Employee dies during the term of this Agreement, the Company shall pay his estate the compensation that would otherwise be payable to him for the month in which his death occurs, this Agreement shall be considered terminated on the last day of such month and the Company shall cause any issued but unvested stock options or restricted stock units granted to Employee to immediately vest.

(b) If during the term of this Agreement, Employee is prevented from performing his duties by reason of illness or incapacity for a continuous period of 120 days, the Company may terminate this Agreement upon 30 days' prior notice thereof to Employee or his duly appointed legal representative. For the purposes of this Section 5(b), a period of illness or incapacity shall be deemed "continuous" notwithstanding Employee's performance of his duties during such period for continuous periods of less than 15 days in duration.

(c) The Company may terminate this Agreement at any time for Employee's (1) gross negligence; (2) a material breach of any obligation created by this Agreement; (3) a violation of any policy, procedure or guideline of the Company, or any material injury to the economic or ethical welfare of the Company caused by Employee's malfeasance, misfeasance, misconduct or inattention to Employee's duties and responsibilities, or any other material failure to comply with the Company's reasonable performance expectations, upon notice of the same from the Company and failure to cure such violation, injury or failure within 30 days; or (4) misconduct, including but not limited to, commission of any felony, or of any misdemeanor involving dishonesty or moral turpitude, or violation of any state or federal law in the course of his employment; theft or misuse of the Company's property or time.

(d) The Company may terminate this Agreement at any time for any or no reason upon 15 days' notice to Employee.

(e) If this Agreement is terminated by the Company prior to the end of the term pursuant to any provision other than Sections 4, 5(a) or 5(c) (the "Termination Date"), then, provided Employee executes the release described in Section 5(f) below and complies with his obligations under the Confidential Information Agreement and Noncompete Agreement incorporated by reference in Sections 6 and 7 of this Agreement:

(i) the Company shall pay to Employee as severance an amount equal to twelve (12) month's Base Salary, in equal installments, subject to all applicable deductions and withholdings;

(ii) if the Employee timely and properly elects to continue his Company-sponsored group health coverage following the Termination Date pursuant to COBRA, the Company will reimburse Employee each month for his cost to purchase such coverage until the earlier of (A) the date that is twelve (12) months following the Termination Date or (B) the date the Employee ceases to be eligible for such COBRA coverage; and

(iii) the Company shall cause any issued but unvested options and restricted stock units scheduled to vest in the twelve (12) months following Employee's Termination Date to immediately vest; provided, however, that this sentence shall not diminish the 100% vesting contemplated by 5(g) below in connection with a Change of Control.

The payments and benefits set forth in Sections 5(e)(i), (ii), and (iii) are collectively referred to as the "Severance Benefits."

(f) As a condition of receiving the Severance Benefits, the Employee agrees to execute, deliver and not revoke, within sixty (60) days following the Termination Date, a general release in such form as is requested by the Company, such release to be delivered, and to have become fully irrevocable, on or before the end of such sixty (60)-day period. If such a general release has not been executed and delivered and become irrevocable on or before the end of such sixty (60)-day period, no amounts or benefits under Section 5(e) shall be or become payable. The Company shall pay Employee the Severance Benefits commencing with the first regular payroll period after the release becomes irrevocable; provided, however, that in no event shall the timing of Employee's execution of the release, directly or indirectly, result in the Employee designating the calendar year of payment, and if a payment that is subject to execution of the release could be made in more than one taxable year, such payment shall be made in the later taxable year.

(g) If, within twelve (12) months following the date a Change of Control occurs, the Company terminates this Agreement other than pursuant to Sections 4, 5(a) or 5(c) above, all outstanding options and restricted stock units granted to Employee as of such event shall immediately vest (to the extent they are not already vested). For purposes of this Agreement, "Change in Control" shall mean the sale of all or substantially all of the outstanding shares of capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a transaction in which all or substantially all of the persons who were beneficial owners of the capital stock of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding voting securities (on an as-converted to Common Stock basis) of the (i) resulting, surviving or acquiring entity in such transaction in the case of a merger, consolidation or sale of outstanding shares, or (ii) acquiring entity in the case of a sale of assets). Notwithstanding the foregoing, sale of Company stock pursuant to an initial public offering or follow-on public offering shall not constitute a Change in Control.

(h) The payment to the Employee of the amounts payable under this Section 5 shall constitute the sole remedy of the Employee in the event of a termination of the Employee's employment by the Company that results in payment of benefits under this Section 5.

6. Confidential Information. This Agreement incorporates by reference all the terms of that certain Proprietary Information and Inventions Agreement dated as of April 18, 2016 between Employee and the Company, as if fully set forth herein.

7. Covenants Not to Compete or Interfere. This Agreement incorporates all the terms of that certain Noncompete Agreement dated as of April 18, 2016 between Employee and the Company, as if fully set forth herein. The parties hereby acknowledge that any Severance Benefits paid made under Section 5 of this Agreement shall be consideration for Employee's covenant not to compete with the Company.

8. Waiver of Breach. A waiver by the Company of a breach of any provision of this Agreement by Employee shall not operate or be construed as a waiver of any subsequent breach by Employee.

9. Severability. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision or portion of this Agreement shall be adjudicated to be invalid or unenforceable, this Agreement shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of this Section in the particular jurisdiction in which such adjudication is made.

10. Notices. All communications, requests, consents and other notices provided for in this Agreement shall be in writing and shall be deemed given if mailed by first class mail, postage prepaid, addressed as follows: (i) If to the Company: to its principal office at 3122 Sterling Circle, Suite 200, Boulder, Colorado 80301; (ii) If to Employee: to the Employee's home address listed in the Company's personnel records, or such other address as either party may hereafter designate by notice as herein provided. Notwithstanding the foregoing provisions of this Section 10, so long as Employee is employed by the Company, any such communication, request, consent or other notice shall be deemed given if delivered as follows: if to the Company, by hand delivery to any executive officer of the Company (other than Employee), and if to Employee, by hand delivery to him.

11. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Colorado without regard to choice of law provisions thereof, and the parties each agree to exclusive jurisdiction in the state and federal courts in Colorado.

12. Waiver of Jury Trial. EMPLOYEE AND THE COMPANY HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE

SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EMPLOYEE AND THE COMPANY WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

13. Assignment. The Company may assign, without the consent of Employee, its rights and obligations under this Agreement to any affiliate of the Company or to any acquirer of substantially all of the business of the Company, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against any such assignee. Neither this Agreement nor any rights or duties hereunder may be assigned or delegated by Employee.

14. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties and supersedes all prior understandings, agreements or representations by or between the parties, whether written or oral, which relate in any way to the subject matter hereof.

15. Amendments. No provision of this Agreement shall be altered, amended, revoked or waived except by an instrument in writing signed by the party sought to be charged with such amendment, revocation or waiver.

16. Binding Effect. Except as otherwise provided herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns.

17. Section 409A. Payments pursuant to this Agreement are intended to comply with or be exempt from Section 409A of the Internal Revenue Code or 1986 (the "Code") and accompanying regulations and other binding guidance promulgated thereunder ("Section 409A"), and the provisions of this Agreement will be administered, interpreted and construed accordingly. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. To the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, (i) such reimbursement or benefit will be provided no later than December 31 of the year following the year in which the expense was incurred; (ii) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year; and (iii) the right to reimbursement of expenses or in-kind benefits may not be liquidated or exchanged for any other benefit. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes,

penalties, interest or other expenses that may be incurred by the Employee on account of non-compliance with Section 409A.

Any provision of this Agreement to the contrary notwithstanding, if the Employee is deemed to be a "specified employee" (within the meaning of Section 409A), then with regard to any Severance Benefit or other payment or benefit under this Agreement that is "deferred compensation" (within the meaning of Section 409A) and which is paid as a result of the Employee's "separation from service" (within the meaning of Section 409A), such payment or benefit shall be made or provided at the date which is the earlier of (A) six (6) months and one (1) day following the date of Employee's separation from service, and (B) the Employee's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to the preceding sentence (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum without interest, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

18. Certain Additional Payments by the Company; Code Section 280G.

(a) Anything in this Agreement to the contrary notwithstanding, if any payment or benefit Employee would receive pursuant to this Agreement ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Employee's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order: (A) payments which do not constitute nonqualified deferred compensation subject to Section 409A; (B) cash payments shall be reduced first and in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such Excise Tax will be the first cash payment to be reduced; and (C) employee benefits shall be reduced last (but only to the extent such benefits may be reduced under applicable law, including, but not limited to the Code and the Employee Retirement Income Security Act of 1974, as amended) and in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such Excise Tax will be the first benefit to be reduced. Any reduction shall be made in accordance with Section 409A.

(b) The determinations and calculations required hereunder shall be made by nationally recognized accounting firm that is (i) not be serving as accountant or auditor for the person who acquires ownership or effective control or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Code) or any affiliate of such person, and (ii) agreed upon by the Company and Employee (the "Accounting Firm"). The

Company shall bear all expenses with respect to the determinations by the Accounting Firm required to be made hereunder.

(c) The Accounting Firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Employee within fifteen (15) business days after the date on which right to a Payment is triggered (if requested at that time by the Company or Employee) or such other time as requested by the Company or Employee. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Employee.

19. Clawback. Any incentive based compensation, or any other compensation, paid or payable to Employee pursuant to this Agreement or any other agreement or arrangement with the Company, which is subject to recovery under any law, government regulation, order or stock exchange listing requirement, will be subject to such deductions and clawback (recovery) as may be required to be made pursuant to law, government regulation, order, stock exchange listing requirement (or any policy of the Company adopted pursuant to any such law, government regulation, order or stock exchange listing requirement). Employee specifically authorizes the Company to withhold from future wages any amounts that may become due under this provision; provided, however, nothing in this provision is intended to permit a change in the terms of payment of any deferred compensation subject to Section 409A in any manner that would violate or create a plan failure under Section 409A. This Section 19 shall survive the termination of this Agreement for a period of three (3) years.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and Employee have caused this Agreement to be effective as of the day and year first above written.

NIVAILIS THERAPEUTICS, INC.

By: /s/ Jon Congleton
Name: Jon Congleton
Title: Chief Executive Officer
Date: April 18, 2016

EMPLOYEE

/s/ David Rodman
Name: David M. Rodman, M.D.
Date: April 18, 2016

[Signature Page to Employment Agreement]

Nivalis Therapeutics, Inc.

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

As a condition of my employment with Nivalis Therapeutics, Inc. and its subsidiaries, affiliates, successors or assigns (together, the "***Company***"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree to the following terms under this Proprietary Information and Inventions Agreement (this "***Agreement***"):

1. Employment

I understand and acknowledge that my employment with the Company is for an unspecified duration and constitutes "at-will" employment. I acknowledge that this employment relationship may be terminated at any time, with or without good cause or for any or no cause, at the option either of the Company or myself, with or without notice. I further acknowledge that the Company may modify job titles, salaries, and benefits from time to time as it deems necessary.

I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

2. Confidential Information

Definition of Confidential Information. I understand that ***"Company Confidential Information"*** means information that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company's business which is not generally known and which the Company wishes to maintain as confidential. Company Confidential Information includes both information disclosed by the Company to me, and information developed or learned by me during the course of my employment with the Company. Company Confidential Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of Company, whether or not such information is identified as Company Confidential Information. By example, and without limitation, Company Confidential Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets or know-how, including, but not limited to, research, business plans, product plans, products or services, and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I may become acquainted during the term of my employment with the Company), market research, works of original authorship, intellectual property (including, but not limited to, unpublished works and undisclosed patents), photographs, negatives, digital images, software, computer programs, ideas, developments, inventions (whether or not patentable), processes, formulas, technology, designs, drawings and engineering, hardware configuration information, forecasts, strategies, marketing, finances or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation or inspection of parts or equipment. I further understand that Confidential Information does not include any of the foregoing items that (i) have become publicly known or made generally available prior to the time of disclosure by the Company to me; or (ii) becomes publicly known or made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

Nonuse and Nondisclosure of Confidential Information. I agree that during and after my employment with the Company, I will hold in strictest confidence, and take all reasonable precautions to prevent any unauthorized use or disclosure of Company Confidential Information, and I will not (i) use the Company Confidential Information for any purpose whatsoever other than for the benefit of the Company in the course of my employment, or (ii) disclose the Company Confidential Information to any third party without the prior written authorization of the President, CEO, or the Board of Directors of the Company. Prior to disclosure when compelled by applicable law, I shall provide prior written notice to the President, CEO and General Counsel of the Company (as applicable). I agree that I obtain no title to any Company Confidential Information, and that as between Company and myself, the Company retains all Confidential Information as its sole property. I understand that my unauthorized use or disclosure of Company Confidential Information during my employment may lead to disciplinary action up to and including immediate termination and legal action by the Company. I understand that my obligations under this Section 2(b) shall continue after termination of my employment.

Other Employer Information. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with whom I have an obligation to keep in confidence. I further agree that I will not bring onto the Company's premises or transfer onto the Company's technology systems any unpublished document, proprietary information or trade secrets belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

Third Party Information. I recognize that the Company has received and in the future will receive from third parties associated with the Company, e.g., the Company's customers, suppliers, licensors, licensees, partners, or collaborators, their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party. I further agree to comply with any and all Company policies and guidelines that may be adopted from time to time regarding third party confidential information.

3. Intellectual Property

Assignment of Inventions. I agree that all right, title, and interest in and to any and all copyrightable material, notes, records, drawings, designs, inventions, improvements, developments, discoveries and trade secrets conceived, discovered, authored, invented, developed or reduced to practice by me, solely or in collaboration with others, during the period of time I am in the employ of the Company (including during my off-duty hours), or with the use of Company's equipment, supplies, facilities, or Company Confidential Information, and any copyrights, patents, trade secrets, mask work rights or other intellectual property rights relating to the foregoing (collectively, **"Inventions"**), are the sole property of the Company. I also agree that I will promptly make full written disclosure to Company of any Inventions, and to deliver and assign and hereby irrevocably assign to the Company all of my right, title and interest in and to Inventions. I agree that this assignment includes a present conveyance to the Company of ownership of Inventions that are not yet in existence. I further acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and that are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. To the extent any Intellectual Property is not deemed to be work made for hire, then I will and hereby do assign all my right, title and interest in such Intellectual Property to the Company, except as provided on **Exhibit A**.

Intellectual Property Retained and Licensed. I have attached hereto as **Exhibit A** a list of all original works of authorship, inventions, developments, improvements, trademarks, designs, domain names, processes, methods and trade secrets that were made by me prior to my employment with the Company (collectively referred to as **"Prior Intellectual Property"),** that belong to me, that relate to the Company hereunder's proposed business, products or research and development, and that are not assigned to the Company hereunder; or, if no such list is attached, I represent that there is no such Prior Intellectual Property. If in the course of my Relationship with the Company, I incorporate into Company property any Prior Intellectual Property owned by me or in which I have an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Intellectual Property as part of or in connection with such Company property.

Patent and Copyright Registrations. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Intellectual Property and any copyrights, patents, trademarks, domain names or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto and the execution of all applications, specifications, oaths, assignments and other instruments that the Company shall deem necessary in order to apply for, register and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees the sole and exclusive right, title and interest in and to such Intellectual Property and any copyrights, patents, trademarks, domain names or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my assistance in perfecting the rights transferred in this Agreement, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent and copyright, trademark or domain name registrations thereon with the same legal force and effect as if executed by me. The designation and appointment of the Company and its duly authorized officers and agents as my agent and attorney in fact shall be deemed to be coupled with an interest and therefore irrevocable.

Maintenance of Records. I agree to keep and maintain adequate and current written records of all Intellectual Property made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, works of original authorship, photographs, negatives or digital images or in any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

Exception to Assignments. I understand that the provisions of this Agreement requiring assignment of Intellectual Property to the Company do not apply to any intellectual property that (i) I develop entirely on my own time; and (ii) I develop without using Company equipment, supplies, facilities or trade secret information; and (iii) does not result from any work performed by me for the Company; and (iv) does not relate at the time of conception or reduction to practice to the Company's current or anticipated business, or to its actual or demonstrably anticipated research or development. Any such intellectual property will be owned entirely by me, even if developed by me during the time period in which I am employed by the Company. I will advise the Company promptly in writing of any intellectual property that I believe meets the criteria for exclusion set forth herein and is not otherwise disclosed on **Exhibit A**.

Return of Company Documents. I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to

anyone else) any and all works of original authorship, domain names, original registration certificates, photographs, negatives, digital images, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment or other documents or property, or reproductions of any aforementioned items, developed by me pursuant to my employment with the Company or otherwise belonging to the Company or its successors or assigns. In the event of the termination of my Relationship with the Company, I agree to sign and deliver the "***Termination Certificate***" attached hereto as **Exhibit B**.

4. Notification of New Employer

In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer or consulting client of my rights and obligations under this Agreement.

5. No Solicitation of Employees

To the fullest extent permitted under applicable law, I agree that during my employment and for a period of twelve (12) months immediately following the termination of my employment with the Company for any reason, whether voluntary or involuntary, with or without cause, I will not directly or indirectly solicit the employment of, or recruit or otherwise seek to hire, any person who is then employed by the Company or who was employed by the Company within the prior twelve (12)-month period, on behalf of myself or any other person, firm, corporation, association or other entity, directly or indirectly.

6. Representations

I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment with the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict herewith. I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement.

7. Equitable Relief

The Company and I each agree that disputes relating to or arising out of a breach of the covenants contained in this Agreement may cause the Company or me, as applicable, to suffer irreparable harm and to have no adequate remedy at law. In the event of any such breach or default by a party, or any threat of such breach or default, the other party will be entitled to injunctive relief, specific performance and other equitable relief. The parties further agree that no bond or other security shall be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance.

8. General Provisions

Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by the laws of the State of Colorado as they apply to contracts entered into and wholly to be performed within such state.

Entire Agreement. This Agreement, together with the Exhibits herein and any executed written offer letter between me and the Company, to the extent such materials are not in conflict with this Agreement, sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless

in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

Severability. If a court or other body of competent jurisdiction finds, or the parties mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement will continue in full force and effect.

Successors and Assigns. This Agreement will be binding upon my heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as may be expressly otherwise stated. Notwithstanding anything to the contrary herein, the Company may assign this Agreement and its rights and obligations under this Agreement to any successor to all or substantially all of the Company's relevant assets, whether by merger, consolidation, reorganization, reincorporation, sale of assets or stock, or otherwise.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Proprietary Information and Inventions Agreement as of April 18, 2016.

EMPLOYEE:

By: /s/Dave Rodman
Name: David M. Rodman, MD

Nivalis Therapeutics, Inc.:

By: /s/ Jon Congleton
Name: Jon Congleton
Title: Chief Executive Officer

EXHIBIT A

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

__X__ No inventions or improvements

____ Additional sheets attached

Date: April 18, 2016

/s/ David Rodman

Signature

Name of Employee (typed or printed)

EXHIBIT B

TERMINATION CERTIFICATE

This is to certify that I do not have in my possession, nor have I failed to return, any and all works of original authorship, domain names, original registration certificates, photographs, negatives, digital images, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, or other documents or property, or reproductions of any aforementioned items, belonging to Nivalis Therapeutics, Inc. and its subsidiaries, affiliates, successors or assigns (collectively, the "***Company***").

I further certify that I have complied with all the terms of the Company's Proprietary Information and Inventions Agreement signed by me (the "***Agreement***"), including the reporting of any Intellectual Property (as defined therein) conceived or made by me (solely or jointly with others) covered by the Agreement.

I further agree that, in compliance with the Intellectual Property Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, methods, know-how, designs, formulas, developmental or experimental work, computer programs, databases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months from this date, I shall not solicit the employment of any person who shall then be employed by the Company (as an employee or consultant) or who shall have been employed by the Company (as an employee or consultant) within the prior twelve (12) month period, on behalf of myself or any other person, firm, corporation, association or other entity, directly or indirectly, all as provided more fully in the Agreement.

Dated: _____

EMPLOYEE:

By: _____

Name: _____

NONCOMPETE AGREEMENT

This NONCOMPETE AGREEMENT (this "Agreement"), effective as of April 18, 2016, is between Nivalis Therapeutics, Inc., a Delaware corporation (the "Company"), and David M. Rodman, M.D. ("Employee").

RECITALS

A. Employee is or may be employed in an executive, management or professional capacity for the Company.

B. The Employee desires to enter into the employment of the Company.

C. In order to protect the trade secrets and confidential information of the Company and as a condition to employment of Employee, the Company requires that Employee enter into this Agreement.

NOW THEREFORE, in consideration of Employee's employment with the Company and of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Covenants Not to Compete or Interfere**.

(a) During the term of Employee's employment with the Company and for a period of 12 months thereafter, and regardless of the reason for Employee's termination, Employee shall not, within the United States or within a 50 mile radius of any area where the Company is doing business (including any point of sale of the Company's products or services) at the time of such termination, directly or indirectly own, manage, operate, control, be employed by or otherwise participate in any commercial pharmaceutical or biotech business that has an active research or development program directed to small molecule, targeted products and services for use in the treatment of cystic fibrosis that are competitive with those of the Company, or is commercializing such services or products (a "Competing Business").

(b) During the term of Employee's employment with the Company and for a period of 12 months thereafter, and regardless of the reason for Employee's termination, Employee shall not (i) cause or attempt to cause any employee of the Company to leave the employ of the Company, (ii) actively recruit any employee of the Company to work for any organization of, or in which Employee is an officer, director, employee, consultant, independent contractor or owner of an equity interest; or (iii) on behalf of a Competing Business, solicit, divert or take away, or attempt to take away, the business or patronage of any client, customer or account, or prospective client, customer or account, of the Company which were contacted, solicited or served by Employee while employed by the Company.

(c) Employee acknowledges that through his employment with the Company he will

acquire access to information suited to immediate application by a business in competition with the Company. Accordingly, Employee considers the foregoing restrictions on his future employment or business activities in all respects reasonable. Employee specifically acknowledges that the Company and its licensees, as well as the Company's competitors, provide their services throughout the geographic area specified in Section 1(a) above. Employee therefore specifically consents to the foregoing geographic restriction on competition and believes that such a restriction is reasonable, given the scope of the Company's business and the nature of Employee's position with the Company.

(d) Employee acknowledges the following provisions of Colorado law, set forth in Colorado Revised Statutes § 8-2-113(2):

> Any covenant not to compete which restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer shall be void, but this subsection (2) shall not apply to:
>
> (a) Any contract for the purchase and sale of a business or the assets of a business;
>
> (b) Any contract for the protection of trade secrets;
>
> (c) Any contract provision providing for the recovery of the expense of educating and training an employee who has served an employer for a period of less than two years;
>
> (d) Executive and management personnel and officers and employees who constitute professional staff to executive and management personnel.
>
> Employee acknowledges that this Agreement is a contract for the protection of trade secrets under § 8-2-113(2)(b), and is intended to protect the confidential information and trade secrets of the Company, and that Employee is an executive and management employee or professional staff to executive or management personnel, within the meaning of § 8-2-113(2)(d).

2. **No Employment Contract; Termination**. This Agreement is not an employment contract and by execution hereof the parties do not intend to create an employment contract. If, through no fault of Employee, the Company liquidates substantially all of its assets, or permanently terminates its operations, Employee's obligations under Paragraphs 1(a) and 1(b) shall also terminate.

3. **Injunctive Relief; Damages**. Upon a breach or threatened breach by Employee of any of the provisions of this Agreement, the Company shall be entitled to an injunction restraining Employee from such breach without posting a bond. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies for such breach or threatened breach, including recovery of damages from Employee.

4. **Attorney's Fees**. In any action to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs of investigation and litigation.

5. **Severability**. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the law. Accordingly, if any provision of this Agreement shall prove to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and in lieu of each provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable. In the event that a court finds any portion of Section 1 to be overly broad, and therefore unenforceable, the parties intend that the court shall modify such portion of paragraph 1 to reflect the maximum restraint allowable, and shall enforce this Agreement and the covenants herein as so modified.

6. **Entire Agreement; Governing Law**. This Agreement embodies the entire Agreement between the parties concerning the subject matter hereof and replaces and supersedes any prior or contemporaneous negotiations, oral representations, agreements or understandings among or attributable to the parties hereto. The provisions of this Agreement shall not limit or otherwise affect Employee's obligations under the provisions of any agreement with the Company with respect to the nondisclosure of the Company's confidential information. This Agreement and all performances hereunder shall be governed by and construed in accordance with the laws of the State of Colorado.

7. **Consent to Jurisdiction**. All judicial proceedings brought against Employee arising out of or relating to this Agreement may be brought in any state or federal court of competent jurisdiction in this State of Colorado, and by execution and delivery of this Agreement, Employee accepts the nonexclusive jurisdiction of the aforesaid courts and waives any defense of forum non convenient and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

8. **Waiver of Jury Trial**. Employee and the Company hereby agree to waive their respective rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. Employee and the Company warrant and represent that each has reviewed this waiver with its legal counsel and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

9. **Amendments; Waiver**. This Agreement may not be altered or amended, and no right hereunder may be waived, except by an instrument executed by each of the parties hereto. No waiver of any term, provision, or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement.

10. **Assignment**. The Company may assign its rights and obligations under this Agreement to any subsidiary or affiliate of the Company or to any acquirer of substantially all of the business of the Company, and all covenants and Agreements hereunder shall inure to the benefit of and be

enforceable by or against any such assignee. Neither this Agreement nor any rights or duties hereunder may be assigned or delegated by Employee.

11. **Binding Effect**. Except as otherwise provided herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

COMPANY:

NIVALIS THERAPEUTICS, INC.
a Delaware corporation

/s/ Jon Congleton
Name: Jon Congleton
Title: Chief Executive Officer

EMPLOYEE:

/s/ David Rodman
Name: David M. Rodman, M.D.

Exhibit 10.2

NOTICE OF INDUCEMENT STOCK OPTION GRANT

NIVALIS THERAPEUTICS, INC.

As an inducement to enter employment with Nivalis Therapeutics, Inc. (the "***Company***"), you ("***you***" or "***Participant***") have been awarded an option to purchase Shares (the "***Option***") subject to the terms and conditions of this Notice of Inducement Stock Option Grant (the "***Notice of Grant***") and the attached Inducement Stock Option Agreement (the "***Option Agreement***"), including that you consent to electronic delivery as set forth in the Option Agreement. This Option is intended to serve as an inducement that is material to your decision to enter into employment with the Company and to qualify as an "inducement award" within the meaning of Rule 4350(i)(1)(A)(iv) of the NASDAQ Marketplace Rules. Capitalized terms used in this Notice of Grant that are not otherwise defined herein shall have the meanings given such terms in *Exhibit A* attached to the Option Agreement.

Name:	David M. Rodman, M.D.
Grant Number:	IND2016-01
Date of Grant:	April 18, 2016
Type of Option:	Nonqualified Stock Option
Vesting Commencement Date:	April 18, 2016
Total Number of Shares:	108,333
Exercise Price per Share:	$4.68
Expiration Date:	April 18, 2026
Vesting Schedule:	Subject to the limitations set forth in this Notice of Grant and the Option Agreement, and so long as your Service continues, the Shares shall vest as follows: No Shares shall vest prior to the one-year anniversary of the Vesting Commencement Date, then twenty-five percent (25%) of the Shares shall vest on the one-year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48th) of the Shares will vest on each one-month anniversary thereafter, such that the Shares shall fully vest on the fourth anniversary of the Vesting Commencement Date. On the vesting dates, the number of Shares vested shall be rounded down to the next whole number of Shares.
Additional Terms:	

By the signatures below, you and the Company agree that this Option is subject to the Option Agreement, including all attached exhibits and documents incorporated by reference therein. You acknowledge receipt of copies of this Notice and the Option Agreement, and you hereby accept this Option subject to all of the terms and conditions of the aforementioned documents. You acknowledge that the vesting of the Shares pursuant to this Notice of Grant is earned only by continuing Service as an Employee, Consultant or Director of the Company, unless the Committee determines otherwise in its discretion.

PARTICIPANT	NIVALIS THERAPEUTICS, INC.
Print Name: David M. Rodman	Its: Jon Congleton Chief Executive Officer
Signature: /s/ David Rodman	By: /s/ Jon Congleton

INDUCEMENT STOCK OPTION AGREEMENT

David M. Rodman, M.D. ("***Participant***") has been granted an option to purchase Shares (the "***Option***") by Nivalis Therapeutics, Inc., a Delaware corporation (the "***Company***"). The Company and Participant entered into this Inducement Stock Option Agreement (this "***Option Agreement***") as of April 18, 2016 as an inducement that is material to Participant's decision to enter into employment with the Company. This Option is intended to qualify as an "inducement award" within the meaning of Rule 4350(i)(1)(A)(iv) of the NASDAQ Marketplace Rules. The Option is subject to the terms, restrictions and conditions of the Notice of Inducement Stock Option Grant ("***Notice of Grant***") and this Option Agreement. Unless otherwise defined herein, capitalized terms will have the meanings given such terms in *Exhibit A* attached hereto.

1. Grant of Option. Participant has been granted an Option for the number of Shares set forth in the Notice of Grant at the exercise price per Share set forth in the Notice of Grant (the "***Exercise Price***"). The Option is a Nonqualified Stock Option ("***NSO***").

2. Termination Period.

(a) General Rule. If Participant's Service terminates for any reason, the unvested portion of the Option shall be forfeited to the Company upon termination, and all rights Participant has to Shares subject to the unvested portion of this Option shall immediately terminate. Except as provided is this Section 2, the Shares subject to the outstanding and vested portion of the Option Award may be exercised for three (3) months after Participant's termination of Service. Notwithstanding the foregoing, in no event shall this Option be exercised later than the Expiration Date set forth in the Notice of Grant.

(b) Termination by the Company. If the employment agreement between the Company and Participant is terminated by the Company prior to the end of the initial or any renewal term other than (i) as a result of Participant's death or (ii) for Cause, then the unvested portion of this Option scheduled to vest in the twelve (12) month period following the date of such termination shall immediately vest; provided, however, that this Section 2(b) will not diminish the acceleration of vesting contemplated by Section 2(e) below in connection with a Corporate Transaction.

(c) Death; Disability. If Participant dies before Participant's Service terminates, any unvested portion of this Option will become vested and exercisable by Participant's beneficiary until six months after the date of Participant's death. If Participant's Service terminates due to Disability, then Participant may exercise the outstanding and vested portion of this Option until six (6) months after Participant's termination date. Notwithstanding the foregoing, in no event shall this Option be exercised later than the Expiration Date set forth in the Notice of Grant.

(d) Cause. Notwithstanding Section 2(a), if Participant's Service terminates for Cause, all Shares subject to this Option shall be forfeited to the Company upon termination, all rights Participant has under this Option shall immediately terminate, and this Option will expire on Participant's termination date.

(e) Corporate Transaction. Notwithstanding Section 2(a), any unvested portion of the Option will become vested and exercisable if, within twelve (12) months following a Corporate Transaction, Participant's employment is either terminated by the Company without Cause or Participant resigns for Good Reason. "***Good Reason***" means (i) the definition set for the in any employment agreement between Participant and the Company, or (ii) if there is no such employment agreement, or such agreement does not define Good Reason, (A) a ten percent (10%) or more reduction in Participant's salary to which Participant has not consented; (B) a material diminution in Participant's authority, duties or responsibilities without Participant's consent (which shall not include a change in reporting

obligations resulting from a Corporate Transaction); (C) a requirement by the Company, without Participant's consent, that Participant's primary work site be relocated to a site that is more than twenty five (25) miles away from Participant's work site prior to the Corporate Transaction; or (D) any other action or inaction that constitutes a material breach by the Company of Participant's employment agreement, if any. Notwithstanding the foregoing, a termination of Participant for Good Reason shall not have occurred unless (i) Participant gives written notice to the Company, of termination within thirty (30) days after Participant first becomes aware of the occurrence of the circumstances constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, (ii) the Company has failed within thirty (30) days after receipt of such notice to cure the circumstances constituting Good Reason, and (iii) Participant terminates employment within five (5) days after the Company's cure period ends.

(f) No Notice. Participant is responsible for keeping track of these exercise periods following Participant's termination of Service for any reason. The Company will not provide further notice of such periods. In no event shall this Option be exercised later than the Expiration Date set forth in the Notice of Grant.

(g) Occurrence of a Termination of Service. In case of any dispute as to whether Participant's termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

3. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice of Grant and this Option Agreement. In the event of Participant's death, Disability, or other cessation of Service, the exercisability of the Option is governed by the applicable provisions of the Notice of Grant and this Option Agreement. This Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice in a form specified by the Company (the "***Exercise Notice***"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "***Exercised Shares***"), and such other representations and agreements as may be required by the Company. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of a fully executed Exercise Notice accompanied by the aggregate Exercise Price and any applicable tax withholding due upon exercise of the Option.

(c) Exercise by Another. If another person wants to exercise this Option after it has been transferred to him or her in compliance with this Option Agreement, that person must prove to the Company's satisfaction that he or she is entitled to exercise this Option. That person must also complete the proper Exercise Notice form (as described above) and pay the Exercise Price (in a payment method described below) and any applicable tax withholding due upon exercise of the Option (as described below).

4. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at Participant's election:

(a) Participant's personal check, wire transfer, or a cashier's check;

(b) certificates for shares of Company stock that Participant owns, along with any forms needed to effect a transfer of those shares to the Company; the value of the shares, determined as of the effective date of the Option exercise, will be applied to the aggregate Exercise Price. Instead of surrendering shares of Company stock, Participant may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the Option shares issued to Participant. However, Participant may not surrender, or attest to the ownership of, shares of Company stock in payment of the aggregate Exercise Price if Participant's action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes;

(c) cashless exercise through irrevocable directions to a securities broker approved by the Company to sell all or part of the Shares covered by this Option and to deliver to the Company from the sale proceeds an amount sufficient to pay the aggregate Exercise Price and any withholding taxes. The balance of the sale proceeds, if any, will be delivered to Participant. The directions must be given by signing a special notice of exercise form provided by the Company; or

(d) other method authorized by the Company.

5. Non-Transferability of Option. Participant may not sell, transfer, assign, pledge, hypothecate or otherwise dispose of this Option, except as provided below, and any attempt to do so will immediately render this Option invalid. Participant may designate a beneficiary who will receive the vested and outstanding portion of this Option in the event of Participant's death. This Option may be transferred by will or by the laws of descent and distribution or court order and may be exercised during the lifetime of Participant only by Participant, Participant's guardian, or legal representative. The Committee may, in its sole discretion, allow Participant to transfer this Option to Participant's spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights. The Committee will allow Participant to transfer this Option only if both Participant and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this Option Agreement. The terms of this Option Agreement shall be binding upon the executors, administrators, heirs and successors of Participant.

6. Tax Consequences. Participant should consult a tax advisor for tax consequences relating to this Option in the jurisdiction in which Participant is subject to tax. Participant should consult a tax adviser before exercising the Option or disposing of the Shares acquired in exercising the Option. Participant will not be allowed to exercise this Option unless Participant makes arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the Option exercise.

7. Withholding Taxes and Stock Withholding. Regardless of any action the Company or Participant's actual employer (the "***Employer***") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("***Tax-Related Items***"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (b) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax-Related Items.

Prior to exercise of the Option, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer. With the Company's consent, these arrangements may also include, if permissible under local law, (i) withholding Shares that otherwise

would be issued to Participant when Participant exercises this Option, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amount, (ii) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iv) any other arrangement approved by the Company. The Fair Market Value of these Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the withholding taxes. Finally, Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items as described in this Section.

8. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice of Grant and this Option Agreement. Participant hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Notice of Grant and acknowledges receipt of any policy incorporated by reference under Section 15 of this Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Notice of Grant and this Option Agreement.

9. Consent to Electronic Delivery of All Documents and Disclosures. By Participant's acceptance of this Option, Participant consents to the electronic delivery of the Notice of Grant, this Option Agreement, account statements, any prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Option, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail at Mike.Carruthers@nivalis.com. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at Mike.Carruthers@nivalis.com. Finally, Participant understands that Participant is not required to consent to electronic delivery.

10. Entire Agreement; Enforcement of Rights. This Option Agreement and the Notice of Grant constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Except for applicable terms in a current and outstanding employment agreement by and between Participant and the Employer, any prior agreements, commitments or negotiations concerning the Option are superseded. No modification of or amendment to this Option Agreement, nor any waiver of any rights under this Option Agreement, shall be effective unless in writing and signed by the parties to this Option Agreement. The failure by either party to enforce any rights under this Option Agreement shall not be construed as a waiver of any rights of such party.

11. Compliance with Laws and Regulations. The Company will not permit anyone to exercise this Option if the issuance of shares at that time would violate any law or regulation, including without limitation all applicable state, federal and foreign laws and regulations and all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at

the time of such issuance or transfer. The Shares issued pursuant to this Option Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12. Governing Law; Severability. This Option Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Notice of Grant and this Option Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of Colorado and agree that any such litigation shall be conducted only in the courts of Colorado or the federal courts of the United States for the District of Colorado and no other courts. If one or more provisions of this Option Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Option Agreement, (b) the balance of this Option Agreement shall be interpreted as if such provision were so excluded and (c) the balance of this Option Agreement shall be enforceable in accordance with its terms.

13. No Rights as Employee, Consultant or Director. Subject to applicable law, nothing in this Option Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's Service, for any reason, with or without Cause.

14. Lock-Up Agreement. Upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, Participant hereby agrees not to sell, make any short sale of, loan, grant any Option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the public offering; provided however that, if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this Section shall continue to apply until the end of the third trading day following the expiration of the fifteen (15)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond two hundred sixteen (216) days after the effective date of the registration statement.

15. Award Subject to Company Policies. To the extent permitted by applicable law, the Option and any Shares issued under the Option shall be subject to the following Company policies, which are incorporated herein by reference: the Company's Insider Trading Policy and the Company's Incentive-Based Compensation Recoupment Policy.

16. No Guarantee of Service. This Option shall not be deemed to give Participant a right to remain an Employee, consultant, director or non-employee director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of Participant at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Option that is forfeited and/or is terminated by its terms.

17. Notices. Any written notice to the Company required by any provisions of this Option Agreement shall be addressed as follows, and shall be effective when received:

Chief Financial Officer
c/o Nivalis Therapeutics, Inc.
3122 Sterling Circle, Suite 200
Boulder, CO 80301.

Any written notice to Participant required by any provision of this Agreement shall be addressed to Participant at the address on record with the Company's Human Resources department. Notice shall be sent to either party prepaid by certified or registered mail or overnight courier, or delivered in person.

BY ACCEPTING THE OPTION, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE.

EXHIBIT A

Defined Terms

1 "**Affiliate**" means any entity other than a Subsidiary, if the Company has a controlling interest, as defined in Treasury Regulation section 1.409A-1(b)(5)(iii)(E), in the affiliate.

2 "**Board**" means the Board of Directors of the Company.

3 "**Cashless Exercise**" means, to the extent that a Stock Option Agreement so provides and as permitted by applicable law, a program approved by the Committee in which payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate Exercise Price and, if applicable, the amount necessary to satisfy the Company's withholding obligations at the minimum statutory withholding rates, including, but not limited to, U.S. federal and state income taxes, payroll taxes, and foreign taxes, if applicable.

4 "**Cause**" means, except as may otherwise be provided in a Participant's employment agreement or Award agreement, a conviction of a Participant for a felony crime or the failure of a Participant to contest prosecution for a felony crime, or a Participant's misconduct, fraud or dishonesty (as such terms are defined by the Committee in its sole discretion), or any unauthorized use or disclosure of confidential information or trade secrets, in each case as determined by the Committee, and the Committee's determination shall be conclusive and binding.

5 "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

6 "**Committee**" means the Compensation Committee of the Board.

7 "**Common Stock**" means the Company's common stock, par value $0.001 per share.

8 "**Company**" means Nivalis Therapeutics, Inc., a Delaware corporation.

9 "**Consultant**" means an individual who performs bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee or Director or Non-Employee Director.

10 "**Corporate Transaction**" means the occurrence of any of the following:

(i) A report on Schedule 13D is filed with the SEC pursuant to Section 13(d) of the Exchange Act disclosing that any Person (as hereinafter defined) has acquired the beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the then outstanding securities of the Company; or

(ii) Any Person purchases securities pursuant to a tender offer or exchange offer to acquire securities of the Company (or securities convertible) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the then outstanding securities of the Company; or

(iii) The shareholders of the Company approve a reorganization, merger, consolidation, recapitalization, exchange offer, purchase of assets or other transaction, in each case, with respect to which the persons who were the beneficial owners of the Company immediately prior to such a transaction do not, immediately after consummation thereof, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, recapitalized or resulting company's then outstanding securities; or

(iv) The shareholders of the Company approve a liquidation or dissolution of the Company; or

(v) The Company approves a sale or otherwise transfers (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more related transactions, assets aggregating fifty percent (50%) or more of the book value of the assets of the Company and its Subsidiaries (taken as a whole).

"**Person**" shall mean and include any individual, corporation, partnership, group, association or other "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company, a wholly owned Subsidiary of the Company or any employee benefit plan(s) sponsored by the Company or a Subsidiary. For purposes of the definition of Company under this definition, the Company shall include any Parent, or company that owns at least fifty percent (50%) of the voting stock, of the Company.

11 "**Director**" means a member of the Board who is also an Employee.

12 "**Disability**" means that Participant is permanently and totally disabled as defined in Code Section 22(e).

13 "**Employee**" means an individual who is a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate. The Committee shall have the discretion to determine the effect upon an Award and upon an individual's status as an Employee in the case of (i) any individual who is classified by the Company or its Subsidiary or an Affiliate as leased from or otherwise employed by a third party or as intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise, (ii) any leave of absence approved by the Company, Subsidiary or an Affiliate, (iii) any transfer between locations of employment with the Company, Subsidiary or an Affiliate or between the Company, Subsidiary and/or any Affiliate or between any Subsidiaries or Affiliates, (iv) any change in Participant's status from an Employee to a Consultant or Non-Employee Director, and (v) at the request of the Company, a Subsidiary or an Affiliate any employee who becomes employed by any partnership, joint venture or corporation not meeting the requirements of a Subsidiary or an Affiliate in which the Company, Subsidiary or an Affiliate is a party.

14 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

15 "**Exercise Price**" means the amount for which a Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement.

16 "**Fair Market Value**" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation on the Nasdaq or NYSE, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Committee shall determine the Fair Market Value by application of a reasonable valuation method.

17 "**Non-Employee Director**" means a member of the Board who is not an Employee.

18 "**Parent**" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

19 "**SEC**" means the Securities and Exchange Commission.

20 "**Securities Act**" means the Securities Act of 1933, as amended.

21 "**Service**" means service as an Employee, Director, Non-Employee Director or Consultant. A Participant's Service does not terminate when continued service crediting is required by applicable law. However, for purposes of determining whether an Option is entitled to continuing ISO status, a common-law employee's Service will be treated as terminating ninety (90) days after such Employee went on leave, unless such Employee's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service terminates for all purposes. Further, unless otherwise determined by the Committee, a Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which Participant provides service to the Company, a Parent, Subsidiary or Affiliate, or a transfer between entities (the Company or any Parent, Subsidiary, or Affiliate); provided that there is no interruption or other termination of Service. If an Award is subject to Code Section 409A, then for purposes of determining whether a Participant is providing Service shall comply with Treasury Regulation section 1.409A-1(h) to the extent applicable.

22 "**Share**" means one share of Common Stock.

23 "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Exhibit 10.3

NOTICE OF RESTRICTED STOCK UNIT INDUCEMENT GRANT

NIVALIS THERAPEUTICS, INC.

As an inducement to enter employment with Nivalis Therapeutics, Inc. (the "***Company***"), you ("***you***" or "***Participant***") have been awarded Restricted Stock Units subject to the terms and conditions of this Notice of Restricted Stock Unit Inducement Grant (the "***Notice of Grant***") and the attached Inducement Restricted Stock Unit Agreement (the "***RSU Agreement***"), including that you consent to electronic delivery as set forth in the RSU Agreement. This RSU is intended to serve as an inducement that is material to your decision to enter into employment with the Company and to qualify as an "inducement award" within the meaning of Rule 4350(i)(1)(A)(iv) of the NASDAQ Marketplace Rules. Capitalized terms used in this Notice of Grant that are not otherwise defined herein shall have the same meaning given such terms in *Exhibit A* attached to the RSU Agreement.

Name:	David M. Rodman, M.D.
Grant Number:	IND2016-02
Date of Grant:	April 18, 2016
Vesting Commencement Date:	April 18, 2016
Total Number of Shares:	216,667
Vesting Schedule:	Subject to the limitations set forth in this Notice of Grant and the RSU Agreement, and so long as your Service continues, the RSU shall vest as follows: One-twelve (1/12th) of the RSU will vest on the first day of each calendar quarter beginning with the first full calendar quarter following the Vesting Commencement Date, such that the RSUs shall fully vest on the three-year anniversary of the calendar quarter following the Vesting Commencement Date. On the vesting dates, the number of RSUs vested shall be rounded down to the next whole number of RSUs.
Additional Terms:	

By the signatures below, you and the Company agree that this RSU is subject to the RSU Agreement, including all attached exhibits and documents incorporated by reference to both. You acknowledge receipt of copies of this Notice and the RSU Agreement, and you hereby accept this RSU subject to all of the terms and conditions of the aforementioned documents. You acknowledge that the vesting of the RSU pursuant to this Notice of Grant is earned only by continuing Service as an Employee, Consultant or Director of the Company, unless the Committee determines otherwise in its discretion.

PARTICIPANT	NIVALIS THERAPEUTICS, INC.
Print Name: David M. Rodman	Its: Jon Congleton Chief Executive Officer
Signature: /s/ David Rodman	By: /s/ Jon Congleton

INDUCEMENT RESTRICTED STOCK UNIT AGREEMENT

NIVALIS THERAPEUTICS, INC.

David M. Rodman, M.D. ("***Participant***") has been granted an award of Restricted Stock Units by Nivalis Therapeutics, Inc., a Delaware corporation (the "***Company***"). The Company and Participant are entering into this Inducement Restricted Stock Unit Agreement (this "***RSU Agreement***") as of April 18, 2016. This RSU is intended to qualify as an "inducement award" within the meaning of Rule 4350(i)(1)(A)(iv) of the NASDAQ Marketplace Rules. The RSU is subject to the terms, restrictions and conditions of the Notice of Restricted Stock Unit Inducement Grant ("***Notice of Grant***") and this RSU Agreement. Unless otherwise defined herein, capitalized terms used in this RSU Agreement shall have the meanings given such terms in *Exhibit A* attached hereto.

1. Grant of RSU. Participant has been granted an award for the number of RSU's set forth in the Notice of Grant. Each RSU is a notional unit representing the right to receive one share of Common Stock, subject to the terms and conditions set forth herein. No Common Stock shall be issued or delivered to Participant at the time the RSU award is granted.

2. Settlement of RSU's. To the extent vested on such date, the RSU's shall be settled, by the issuance of Shares underlying such vested units, or, at the discretion of the Committee, in cash (based upon the Fair Market Value of the Shares as of the vesting date) or partially in cash and partially in Shares, as promptly as practical following each vesting date, as described above, by the delivery to Participant of a certificate or certificates therefore, registered in Participant's name. Certificates will only be issued in whole shares.

3. Termination Period.

(a) General Rule. If Participant's Service terminates for any reason, the unvested portion of the RSU shall be forfeited to the Company upon such termination of Service, and all rights Participant has to Shares subject to the unvested portion of this RSU shall immediately terminate.

(b) Termination by the Company. If the employment agreement between the Company and Participant is terminated by the Company prior to the end of the initial or any renewal term other than (i) as a result of Participant's death or (ii) for Cause, then the unvested portion of this RSU scheduled to vest in the twelve (12) month period following the date of such termination shall immediately vest; provided, however, that this Section 2(b) will not diminish the acceleration of vesting contemplated by Section 2(d) below in connection with a Corporate Transaction.

(c) Death. If Participant dies before Participant's Service terminates, any unvested portion of this RSU will become vested.

(d) Corporate Transaction. Notwithstanding Section 2(a), any unvested portion of the RSU will become vested and exercisable if, within twelve (12) months following a Corporate Transaction, Participant's employment is either terminated by the Company without Cause or Participant resigns for Good Reason. "***Good Reason***" means (i) the definition set for the in any employment agreement between Participant and the Company, or (ii) if there is no such employment agreement, or such agreement does not define Good Reason, (A) a ten percent (10%) or more reduction in Participant's salary to which Participant has not consented; (B) a material diminution in Participant's authority, duties or responsibilities without Participant's consent (which shall not include a change in reporting obligations resulting from a Corporate Transaction); (C) a requirement by the Company, without Participant's consent, that Participant's primary work site be relocated to a site that is more than twenty five (25) miles

away from Participant's work site prior to the Corporate Transaction; or (D) any other action or inaction that constitutes a material breach by the Company of Participant's employment agreement, if any. Notwithstanding the foregoing, a termination of Participant for Good Reason shall not have occurred unless (i) Participant gives written notice to the Company, of termination within thirty (30) days after Participant first becomes aware of the occurrence of the circumstances constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, (ii) the Company has failed within thirty (30) days after receipt of such notice to cure the circumstances constituting Good Reason, and (iii) Participant terminates employment within five (5) days after the Company's cure period ends.

(e) Occurrence of a Termination of Service. In case of any dispute as to whether Participant's termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

4. Non-Transferability of RSU. Participant may not sell, transfer, assign, pledge, hypothecate or otherwise dispose of this RSU, except as provided below, and any attempt to do so will immediately render this RSU invalid. Participant may designate a beneficiary who will receive the vested and outstanding portion of this RSU in the event of Participant's death. This RSU may be transferred by will or by the laws of descent and distribution or court order. The Committee may, in its sole discretion, allow Participant to transfer this RSU to Participant's spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights. The Committee will allow Participant to transfer this RSU only if both Participant and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this RSU Agreement. The terms of this RSU Agreement shall be binding upon the executors, administrators, heirs and successors of Participant.

5. Tax Consequences. Participant should consult a tax advisor for tax consequences relating to this RSU in the jurisdiction in which Participant is subject to tax.

6. Withholding Taxes and Stock Withholding. Regardless of any action the Company or Participant's actual employer (the "***Employer***") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("***Tax-Related Items***"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU grant, including the grant, vesting or settlement of the RSU, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (b) do not commit to structure the terms of the grant or any aspect of the RSU to reduce or eliminate Participant's liability for Tax-Related Items.

Prior to settlement of the RSU and delivery of any Shares underlying the RSU or cash in lieu of such Shares, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment on account obligations of the Company and/or the Employer. In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer. With the Company's consent, these arrangements may also include, if permissible under local law, (i) withholding Shares that otherwise would be issued to Participant on the settlement date of the RSU, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amount, (ii) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), or (iv) any other arrangement approved by the Company. The Fair Market Value of these Shares, determined as of the effective date of the settlement of the RSU, will be applied as a credit against the withholding taxes. Finally, Participant shall pay to the Company or the Employer any amount

of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's receipt of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the settlement of the RSU and refuse to deliver the Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items as described in this Section.

7. Acknowledgement. The Company and Participant agree that the RSU is granted under and governed by the Notice of Grant, this RSU Agreement. Participant hereby accepts the RSU subject to all of the terms and conditions set forth herein and those set forth in the Notice of Grant, and acknowledges receipt of any policy incorporated by reference under Section 15 of this RSU Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Notice of Grant and this RSU Agreement.

8. Consent to Electronic Delivery of All Documents and Disclosures. By Participant's acceptance of this RSU, Participant consents to the electronic delivery of the Notice of Grant, this RSU Agreement, account statements, any prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the RSU, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail at Mike.Carruthers@nivalis.com. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at Mike.Carruthers@nivalis.com. Finally, Participant understands that Participant is not required to consent to electronic delivery.

9. Entire Agreement; Enforcement of Rights. This RSU Agreement and the Notice of Grant constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Except for applicable terms in a current and outstanding employment agreement by and between Participant and the Employer, any prior agreements, commitments or negotiations concerning the RSU are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

10. Compliance with Laws and Regulations. The Company will not issue any Shares underlying this RSU to Participant if the issuance of such Shares at that time would violate any law or regulation, including without limitation all applicable state, federal and foreign laws and regulations and all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

11. Governing Law; Severability. This RSU Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance

with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Notice of Grant and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of Colorado and agree that any such litigation shall be conducted only in the courts of Colorado or the federal courts of the United States for the District of Colorado and no other courts. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this RSU Agreement, (b) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded and (c) the balance of this RSU Agreement shall be enforceable in accordance with its terms.

12. No Rights as Employee, Consultant or Director. Subject to applicable law, nothing in this RSU Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's Service, for any reason, with or without Cause.

13. Rights as Stockholder. Participant or a permitted transferee of the RSU shall have no rights as a stockholder (including, without limitation, voting and dividend rights) with respect to any share covered by the RSU until Participant shall have become the holder of record of such share, and no adjustment shall be made for dividends or distributions or other rights in respect of such share for which the record date is prior to the date upon which Participant shall become the holder of record thereof.

14. Lock-Up Agreement. Upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, Participant hereby agrees not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the public offering; provided however that, if during the last seventeen (17) days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this Section shall continue to apply until the end of the third trading day following the expiration of the fifteen (15)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond two hundred sixteen (216) days after the effective date of the registration statement.

15. Award Subject to Company Policies. To the extent permitted by applicable law, the RSU and any Shares issued under the RSU shall be subject to the following Company policies, which are incorporated herein by reference: the Company's Insider Trading Policy and the Company's Incentive-Based Compensation Recoupment Policy.

16. Unsecured Obligation. This RSU award is unfunded, and as a holder of vested RSU's subject to this RSU Agreement, Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Shares pursuant to Section 2 of this RSU Agreement.

17. No Guarantee of Service. This RSU shall not be deemed to give Participant a right to remain an Employee, consultant, director or non-employee director of the Company, a Parent, a Subsidiary or an Affiliate. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of Participant at any time, and for any reason, subject to applicable laws, the Company's Articles

of Incorporation and Bylaws and a written employment agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the RSU that is forfeited and/or is terminated by its terms.

18. Notices. Any written notice to the Company required by any provisions of this RSU Agreement shall be addressed as follows, and shall be effective when received:

    Chief Financial Officer
    c/o Nivalis Therapeutics, Inc.
    3122 Sterling Circle, Suite 200
    Boulder, CO 80301.

    Any written notice to Participant required by any provision of the applicable Award Agreement shall be addressed to Participant at the address on record with the Company's Human Resources department. Notice shall be sent to either party prepaid by certified or registered mail or overnight courier, or delivered in person.

    BY ACCEPTING THE RSU, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE.

EXHIBIT A

Defined Terms

1 "**Affiliate**" means any entity other than a Subsidiary, if the Company has a controlling interest, as defined in Treasury Regulation section 1.409A-1(b)(5)(iii)(E), in the affiliate.

2 "**Board**" means the Board of Directors of the Company.

3 "**Cause**" means, except as may otherwise be provided in a Participant's employment agreement, a conviction of a Participant for a felony crime or the failure of a Participant to contest prosecution for a felony crime, or a Participant's misconduct, fraud or dishonesty (as such terms are defined by the Committee in its sole discretion), or any unauthorized use or disclosure of confidential information or trade secrets, in each case as determined by the Committee, and the Committee's determination shall be conclusive and binding.

4 "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

5 "**Committee**" means the Compensation Committee of the Board.

6 "**Common Stock**" means the Company's common stock, par value $0.001 per share.

7 "**Company**" means Nivalis Therapeutics, Inc., a Delaware corporation.

8 "**Consultant**" means an individual who performs bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee or Director or Non-Employee Director.

9 "**Corporate Transaction**" means the occurrence of any of the following:

(i) A report on Schedule 13D is filed with the SEC pursuant to Section 13(d) of the Exchange Act disclosing that any Person (as hereinafter defined) has acquired the beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the then outstanding securities of the Company; or

(ii) Any Person purchases securities pursuant to a tender offer or exchange offer to acquire securities of the Company (or securities convertible) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the then outstanding securities of the Company; or

(iii) The shareholders of the Company approve a reorganization, merger, consolidation, recapitalization, exchange offer, purchase of assets or other transaction, in each case, with respect to which the persons who were the beneficial owners of the Company immediately prior to such a transaction do not, immediately after consummation thereof, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, recapitalized or resulting company's then outstanding securities; or

(iv) The shareholders of the Company approve a liquidation or dissolution of the Company; or

(v) The Company approves a sale or otherwise transfers (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more related transactions, assets aggregating fifty percent (50%) or more of the book value of the assets of the Company and its Subsidiaries (taken as a whole).

"**Person**" shall mean and include any individual, corporation, partnership, group, association or other "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company, a wholly owned Subsidiary of the Company or any employee benefit plan(s) sponsored by the Company or a Subsidiary. For purposes of the definition of Company under this definition, the Company shall include any Parent, or company that owns at least fifty percent (50%) of the voting stock, of the Company.

10 "**Director**" means a member of the Board who is also an Employee.

11 "**Employee**" means an individual who is a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate. The Committee shall have the discretion to determine the effect upon the award contemplated by this RSU Agreement and upon Participant's status as an Employee in the case of (i) any leave of absence approved by the Company, Subsidiary or an Affiliate, (ii) any transfer between locations of employment with the Company, Subsidiary or an Affiliate or between the Company, Subsidiary and/or any Affiliate or between any Subsidiaries or Affiliates, (iii) any change in Participant's status from an Employee to a Consultant or Non-Employee Director, and (iv) at the request of the Company, a Subsidiary or an Affiliate Participant who becomes employed by any partnership, joint venture or corporation not meeting the requirements of a Subsidiary or an Affiliate in which the Company, Subsidiary or an Affiliate is a party.

12 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

13 "**Fair Market Value**" means, as of any date, the value of Common Stock determined as follows:

(vi) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation on the Nasdaq or NYSE, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(vii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(viii) In the absence of an established market for the Common Stock, the Committee shall determine the Fair Market Value by application of a reasonable valuation method.

14 "**Non-Employee Director**" means a member of the Board who is not an Employee.

15 "**Parent**" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

16 "**Restricted Stock Unit**" or "RSU" means a bookkeeping entry representing the equivalent of one Share, which value may be paid to Participant in cash, Shares or a combination of both as set forth in this RSU Agreement and as the Committee determines in its sole discretion.

17 "**SEC**" means the Securities and Exchange Commission.

18 "**Securities Act**" means the Securities Act of 1933, as amended.

19 "**Service**" means service as an Employee, Director, Non-Employee Director or Consultant. Participant's Service does not terminate when continued service crediting is required by applicable law. However, Participant's Service will be treated as terminating ninety (90) days after Participant goes on leave, unless Participant's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless Participant immediately returns to active work. The Committee determines which leaves count toward Service, and when Service terminates for all purposes. Further, unless otherwise determined by the Committee, Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which Participant provides service to the Company, a Parent, Subsidiary or Affiliate, or a transfer between entities (the Company or any Parent, Subsidiary, or Affiliate); provided that there is no interruption or other termination of Service. If the award contemplated by this RSU Agreement is subject to Code Section 409A, then for purposes of determining whether Participant is providing Service shall comply with Treasury Regulation section 1.409A-1(h) to the extent applicable.

20 "**Share**" means one share of Common Stock.

21 "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jon Congleton, President and Chief Executive Officer of Nivalis Therapeutics, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nivalis Therapeutics, Inc. for the quarter ended March 31, 2016;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ JON CONGLETON
Jon Congleton
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, R. Michael Carruthers, Chief Financial Officer of Nivalis Therapeutics, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nivalis Therapeutics, Inc. for the quarter ended March 31, 2016;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ R. MICHAEL CARRUTHERS
R. Michael Carruthers
Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Nivalis Therapeutics, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended March 31, 2016, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2016

/s/ JON CONGLETON
Jon Congleton
President and Chief Executive Officer

/s/ R. MICHAEL CARRUTHERS
R. Michael Carruthers
Chief Financial Officer