

ZOSANO PHARMA CORP

FORM 8-K (Current report filing)

Filed 05/09/17 for the Period Ending 05/08/17

Address	34790 Ardentech Court Fremont, CA 94555
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 8, 2017

ZOSANO PHARMA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36570
(Commission
File Number)

45-4488360
(I.R.S. Employer
Identification No.)

34790 Ardentech Court
Fremont, CA 94555
(Address of principal executive offices) (Zip Code)

(510) 745-1200
Registrant's telephone number, including area code

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Conditions.

On May 9, 2017, Zosano Pharma Corporation (the “Company”) issued a press released titled “Zosano Pharma Reports First Quarter 2017 Financial Results and Announces Management Changes.” The press release is furnished herewith as Exhibit 99.1

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 8, 2017, Konstantinos Alataris resigned as President and Chief Executive Officer of the Company and the Company’s board of directors (the “Board”) has accepted his resignation, effective May 8, 2017. John Walker, the Chairman of the Board, will serve as the Company’s Interim Chief Executive Officer. Dr. Alataris has also resigned as a member of the Board and as an officer and member of the board of directors of ZP Opco, Inc., the Company’s wholly owned subsidiary.

Mr. Walker, age 68, has served as a member of the Company’s Board since May 2016. While serving as Interim Chief Executive Officer, Mr. Walker will continue as Chairman of the Board. Mr. Walker is currently the Executive Chairman and interim Chief Executive Officer of Vizuri Health Sciences, LLC and served as a Managing Director of Four Oaks Partners, a life sciences transaction advisory firm, which he co-founded in March 2012, until January 2015. As part of his activities with Four Oaks Partners, Mr. Walker served as the Chairman and interim Chief Executive Officer of Neuraltus Pharmaceuticals, Inc., a privately held biopharmaceutical company, until October 2013. From February 2009 until July 2010, Mr. Walker was the Chief Executive Officer at iPierian, Inc., a company focused on the use of inducible stem cells for drug discovery. From 2006 until 2009, Mr. Walker served as the Chairman and Chief Executive Officer of Novacea, Inc., a pharmaceutical company, which merged with Transept Pharmaceuticals, Inc., a pharmaceutical company, in January 2009. Since 2001, Mr. Walker, acting as a consultant, was Chairman and Interim Chief Executive Officer at Kai Pharmaceuticals, a pharmaceutical company, Guava Technologies, a biotechnology company, CentaurPharmaceuticals, Inc., a pharmaceutical company, and Bayhill Therapeutics, a biotechnology company. From 1993 until 2001, Mr. Walker was the Chairman and Chief Executive Officer of Arris Pharmaceutical Corporation, a pharmaceutical company, and its successor, Axys Pharmaceuticals Inc. He currently serves on the board of directors of Lucille Packard Children’s Hospital at Stanford University. He is a graduate of the Advanced Executive Program at The Kellogg School of Management at Northwestern University and holds a B.A. from the State University of New York at Buffalo.

Terms relating to Mr. Walker’s engagement as Interim Chief Executive Officer are being finalized by the Company’s Compensation Committee and will be disclosed by the Company when available on an amendment to this Current Report on Form 8-K.

The Board has also appointed Georgia Erbez as the Company’s Chief Financial Officer, effective May 9, 2017. Ms. Erbez previously assumed the role of interim Chief Financial Officer on June 15, 2016 and has served as the Company’s Chief Business Officer since September 8, 2016. Ms. Erbez’s employment will continue to be governed by the terms of her Employment Letter Agreement with the Company dated as of September 7, 2016, which is described in more detail in (and attached as an exhibit to) the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 9, 2016.

Pursuant to the terms of a Separation Agreement between the Company and Dr. Alataris, dated as of May 8, 2017, Dr. Alataris is entitled to receive, among other things: (i) continuation of his current base salary for a period of six (6) months

(totaling \$232,875.00) and (ii) COBRA continuation coverage for a period of six (6) months (totaling \$19,278.54). In addition, any vested options held by Dr. Alataris shall remain exercisable for a period of three (3) months following his resignation. The description of the Separation Agreement contained herein is qualified in its entirety by reference to the full text of the Separation Agreement, which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

As previously disclosed on a Current Report on Form 8-K filed by the Company on May 5, 2017, on May 2, 2017, Winnie Tso, who had been on a medical leave of absence since May 13, 2016, resigned as Chief Financial Officer the Company, effective immediately. Ms. Tso entered into a Separation Agreement with the Company effective as of May 8, 2017 pursuant to which she is entitled to receive, among other things, COBRA continuation coverage for the maximum period that such coverage is available to her, so long as the Company sponsors a group health plan and Ms. Tso remains eligible for COBRA coverage. In addition, the vesting of Ms. Tso's options to purchase shares of the Company's common stock was accelerated, such that all of her options were deemed fully vested and exercisable. The description of the Separation Agreement contained herein is qualified in its entirety by reference to the full text of the Separation Agreement, which is attached as Exhibit 10.2 to this Current Report on Form 8-K.

The disclosure in this Item 5.02 and Exhibits 10.1 and 10.2 to this Current Report on Form 8-K are deemed filed.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Separation Agreement, dated May 8, 2017, among Zosano Pharma Corporation, ZP Opco, Inc. and Konstantinos Alataris.
10.2	Separation Agreement, effective as of May 8, 2017, between ZP Opco, Inc. and Winnie Tso.
99.1	Press release dated May 9, 2017, titled "Zosano Pharma Reports First Quarter 2017 Financial Results and Announces Management Changes."

SIGNATURE

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

**ZOSANO PHARMA
CORPORATION**

Dated: May 9, 2017

By: /s/ Georgia Erbez
Name: Georgia Erbez
Title: Chief Business Officer and
Chief Financial Officer

EXHIBIT INDEX

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10.2	Separation Agreement, effective as of May 8, 2017, between ZP Opco, Inc. and Winnie Tso.
99.1	Press release dated May 9, 2017, titled "Zosano Pharma Reports First Quarter 2017 Financial Results and Announces Management Changes."

May 8, 2017

Dr. Konstantinos Alataris

Dear Konstantinos:

This letter agreement (“Agreement”) will confirm the terms of your separation from employment with Zosano Pharma Corporation (the “Company”) and ZP Opco, Inc. (the “Parent”) (Zosano Pharma Corporation and ZP Opco, Inc. are collectively referred to as the “Companies”).

1. Separation of Employment. Your employment by and status as an officer of the Companies will terminate as a result of your voluntary resignation on May 8, 2017 (the “Separation Date”). You understand and acknowledge that, from and after the Separation Date, you shall have no authority and shall not represent yourself as an employee, officer or agent of the Companies. On the Separation you will be paid your base salary earned but not yet paid through the Separation Date and the value of your accrued unused vacation time.

2. Severance Pay. Contingent on your execution and non-revocation of this Agreement, the Company will pay you severance consisting of continuation of your current base salary for a period of six (6) months, less required local, state, federal and other employment-related taxes and deductions (the “Severance Pay”). The Severance Pay will be paid to you pursuant to the Company’s normal payroll policies and practices commencing on the Company’s next regular pay day after the effective date of this Agreement set forth in Section 9(g) below (the “Effective Date”).

3. COBRA. Your participation in all Company benefit plans and programs will end on the Separation Date. You understand your legal right, pursuant to the Consolidated Omnibus Budget Reconciliation Act (COBRA), after the Separation Date and upon timely completion of the appropriate forms, to continue at your own expense, your medical and dental insurance coverage. Provided that you execute and do not revoke this Agreement, should you elect COBRA continuation coverage, the Company will pay the cost of such coverage during the six-month period immediately following the Separation Date, so long as the Company sponsors a group health plan and you remain eligible for COBRA coverage. The COBRA payments described herein will be made by the Company directly to the Company’s third-party COBRA administrator.

4. STOCK OPTIONS. You hereby acknowledge and agree that the Parent granted you the options (the “Stock Options”) to purchase the number of shares of its common stock, par value \$0.0001 per share (the “Common Stock”) listed in the table below on the dates and with the exercise prices listed in the table below. As of the Separation Date, you acknowledge and agree that you will be vested in the number of shares of Common Stock listed under the column entitled “Vested Shares” in the table below with respect to each Stock Option.

<u>Date of Grant</u>	<u>Exercise Price</u>	<u>Shares of Common Stock underlying Stock Option</u>	<u>Vested Shares</u>
December 15, 2015	\$ 2.26	209,394	69,798
February 3, 2016	\$ 2.34	200,000	62,500

If you sign this Agreement and return it as described herein, pursuant to the terms of the award agreements for the Stock Options, the Stock Options will remain exercisable with respect to the Vested Shares until the date that is three (3) months after the Separation Date and all unvested shares of Common Stock underlying the Stock Options listed above shall be forfeited.

5. Pay and Benefits Acknowledgement. You hereby acknowledge that you have been paid all wages and other compensation owed to you for all time worked for the Companies, as well as all of your accrued and unused vacation days, and that you thereby have been paid in full all compensation that was due to you in connection with your employment with the Company. You further acknowledge and understand that, except for the specific financial consideration and other benefits contained in this Agreement, you are not entitled to and shall not receive any additional compensation, consideration or benefits from the Company.

6. Covenants by You. You acknowledge and agree to the following:

(a) You are obligated to return to the Company on the Separation Date, all Company documents, originals and copies, whether in hard or electronic form, and all Company property, including without limitation keys, computers, computer disks, pagers, phones and credit cards.

(b) You remain bound by, and will continue to abide by, Section 3 of the Amended and Restated Employment Agreement between you and the Companies dated February 3, 2016 (the "Employment Agreement", the terms of which are incorporated by reference into this Agreement, in addition to any other obligations created by law requiring you to protect the Companies' trade secrets, and confidential and proprietary documents and information. Notwithstanding the foregoing, the parties agree that the word "customer" is deleted from Section 3(c)(B) of the Employment Agreement.

(c) For three years after the date of this Agreement, you will not make any statements, whether verbally or in writing (including in electronic communications) that are professionally or personally disparaging of, or adverse to the interests of, the Companies or their its officers, directors, managers or employees. This includes, but is not limited to, any statements that disparage the products, services, finances, financial condition, capability or any other aspect of the business of the Companies. You further agree not to engage in any conduct which is intended to harm, professionally or personally, the reputation of the Companies or their officers, directors, managers or employees.

(d) You understand that, if you breach any of these covenants, it shall constitute a material breach of this Agreement, and shall relieve the Companies of any further obligations to you under this Agreement. Furthermore, if you breach any of these covenants, you shall be required to reimburse the Company the amount of your Severance Pay and the cost of any other benefits provided to you by virtue of this Agreement, in addition to any other legal or equitable remedy available to the Company for such breach.

7. Covenants by the Company. The Company agrees that for three years following the date of this Agreement, its directors and officers will not make any statements, whether verbally or in writing (including in electronic communications) that are professionally or personally disparaging of, or adverse to the interests of, you.

8. Release of Claims.

(a) You hereby agree and acknowledge that by signing this Agreement and accepting the consideration discussed in Sections 2 and 3, you are waiving your right to assert any and all forms of legal Claims against the Companies ^{1/} of any kind whatsoever, arising from the beginning of time through the date you execute this Agreement. With the sole and limited exceptions set forth in paragraph (b) below, for purposes of this Section 8 the words “Claim” and “Claims” are intended to be as broad as the law allows and to mean: any and all charges, complaints, and other form of action against the Company seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages, or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys’ fees and any other costs) against the Company, including, without limitation:

- (i) Claims under any California (or any other state) or federal discrimination or fair employment practices statute, regulation or executive order (as they may have been amended through the date you sign this Agreement), including but not limited to the California Fair Employment and Housing Act and the federal Age Discrimination in Employment Act;
- (ii) Claims under any other California (or any other state) or federal employment-related statute, regulation or executive order (as they may have been amended through the date you sign this Agreement), including but not limited to the California Labor Code;
- (iii) Claims under any California (or any other state) or federal common law theory; and
- (iv) any other Claims arising under other local, state or federal law.

(b) Notwithstanding anything to the contrary contained in this Agreement, this Section 8 does not release (i) any obligation expressly set forth in this Agreement; (ii) any claims arising solely after the execution of this Agreement; (iii) any claims or rights you may have to any vested benefits or rights under any employee benefit, welfare, retirement and/or pension plans (not including equity-related plans); (iv) non-termination related claims under the Employee Retirement Income Security Act (29 U.S.C. § 1001 et seq.), as

^{1/} For purposes of this Section, the term “Companies” include Zosano Pharma Corporation, ZP Opco, Inc. and any of their divisions, affiliates (which means all persons and entities directly or indirectly controlling, controlled by or under common control with Zosano Pharma Corporation and ZP Opco, Inc.), parents, subsidiaries and all other related entities, and its and their directors, officers, employees, trustees, agents, successors and assigns.

amended; (v) any rights and/or claims you may have under COBRA; (vi) claims for unemployment compensation; (vii) claims for reimbursement of approved business expenses incurred prior to the Separation Date; (viii) rights, if any, to defense and indemnification from the Company or its insurers for actions taken by you in the course and scope of your employment with the Company; or (ix) any rights you may have to obtain contribution as permitted by law in the event of entry of judgment against you as a result of any act or failure to act for which you and the Company or its past, present and future trustees, officers, agents, administrators, representatives, employees, affiliates, or insurers are held jointly liable.

(c) You expressly acknowledge and agree that, but for providing the foregoing release of Claims, you would not be receiving the payments and benefits being provided to you under Sections 2, 3 and 7 of this Agreement.

(d) The Companies represent that they presently are unaware of any claims that they possess against you and that they have no present intention to assert any claims against you.

9. Understanding this Agreement. Before signing this Agreement, you should take whatever steps you believe are necessary to ensure that you understand what you are signing, what benefits you are receiving and what rights you are giving up.

(a) By signing this Agreement, you are acknowledging that you have read it carefully and understand all of its terms.

(b) You understand and acknowledge that, if you do not sign this Agreement, including the Release of Claims, you will not be receiving any Severance Pay or COBRA payments described in Section 3.

(c) You understand that among other claims you are releasing in the Release of Claims are any claims against the Company alleging discrimination on the basis of age under the Age Discrimination in Employment Act .

(d) You acknowledge that you have read and understand Section 1542 of the Civil Code of the State of California, which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

You expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect and in any jurisdiction with respect to the release set forth herein.

(e) You are hereby advised and encouraged to consult with legal counsel of your choosing for the purpose of reviewing the terms of this Agreement and acknowledge that you have had access to the advice of counsel at all times relevant to this Agreement.

(f) You are being given twenty-one (21) days in which to consider this Agreement and whether to accept this Agreement. If you choose to accept this Agreement within that time, you are to sign and date below and return it to the Company, c/o Robb Anderson, Zosano Pharma, Inc., 34790 Ardentech Court, Fremont, CA 94555.

(g) Even after executing this Agreement, you have seven (7) days after signing to revoke this Agreement. The Agreement will not be effective or enforceable until this seven-day period has expired. In order to revoke your assent to this Agreement, you must, within seven (7) days after you sign this Agreement, deliver a written notice of rescission to Mr. Anderson at the address noted above. To be effective, the notice of rescission must be hand delivered, or postmarked within the seven-day period and sent by certified mail, return receipt requested, to the referenced address.

10. Limitations. Notwithstanding the foregoing, you understand the following:

(a) Nothing contained in this Agreement precludes you from filing a charge of discrimination with the United States Equal Employment Opportunity Commission (“EEOC”) or any state fair employment practices agency (“FEPA”) or participating in an investigation by the EEOC or any FEPA, but you will not be entitled to any monetary or other relief from the EEOC or any FEPA on the basis of or in connection with such charge or investigation, or from any Court as a result of litigation brought on the basis of or in connection with such charge or investigation;

(b) Nothing in this Agreement prohibits, or is intended in any manner to prohibit, you from reporting a possible violation of federal or state law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under whistleblower provisions of federal or state law or regulation. You do not need the prior authorization of anyone at the Company to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures. Nothing in this Agreement limits your ability to receive a whistleblower or other award from a governmental agency or entity for information provided to such an agency or entity.

(c) Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. § 1833(b) for confidential disclosures of trade secrets to government officials, or lawyers, solely for the purpose of reporting or investigating a suspected violation of law; or in a sealed filing in court or other proceeding.

11. Entire Agreement. You understand and agree that this Agreement constitutes the full extent of the Company’s commitment to you. You further understand and agree that this Agreement supersedes any prior agreements between you and the Company, except to the extent other agreements are specifically referenced herein and incorporated into this Agreement. No changes to this Agreement will be valid unless reduced to writing and signed by you and the Company. Furthermore, you acknowledge and agree that the Severance Pay and other benefits provided in this Agreement are not otherwise due or owing to you under any Company employment agreement, policy or practice, and that the Severance Pay and other benefits are not intended to, and shall not, constitute a severance plan, and shall confer no benefit on anyone other than the parties hereto.

12. Assignment. This Agreement and the rights hereunder are personal to you and may not be transferred or assigned by you at any time. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary, affiliate or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business assets (whether by merger or otherwise).

13. Choice of Law/Enforceability. This Agreement shall be deemed to have been made in the State of California, shall take effect as an instrument under seal within California, and shall be governed by and construed in accordance with the laws of California, without giving effect to its conflict of law principles.

14. General. By executing this Agreement, you are acknowledging that you have been afforded sufficient time to understand its terms and effects, that your agreements and obligations under this Agreement are made voluntarily, knowingly and without duress, and that neither the Company nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement.

Your signature below reflects your understanding of, and agreement to, the terms and conditions set forth above.

Very truly yours,

ZOSANO PHARMA CORPORATION

By: /s/ John Walker
John Walker, Interim CEO

ZP OPCO, INC.

By: /s/ John Walker
John Walker, Interim CEO

Confirmed and Agreed:

/s/ Konstantinos Alataris
Konstantinos Alataris

Dated: 05/08/2017

May 2, 2017

Winnie Tso

Dear Winnie:

This letter agreement (“Agreement”) will confirm the terms of your separation from employment with ZP OPCO, Inc. (the “Company”).

1. Separation of Employment. Your employment by the Company will terminate effective May 2, 2017 (the “Separation Date”). You understand and acknowledge that, from and after the Separation Date, you shall have no authority and shall not represent yourself as an employee, officer or agent of the Company.

2. Stock Options. You hereby acknowledge and agree that the Company granted you the options (the “Stock Options”) to purchase the number of shares of its common stock, par value \$0.0001 per share (the “Common Stock”) listed in the table below on the dates and with the exercise prices listed in the table below.

<u>Date of Grant</u>	<u>Exercise Price</u>	<u>Shares of Common Stock underlying Stock Option</u>	<u>Vested Shares of Common Stock underlying Stock Option</u>	<u>Unvested Shares of Common Stock underlying Stock Option</u>
April 30, 2014	\$ 1.28	37,358	28,018	9,340
March 29, 2016	\$ 2.57	15,000	4,062	10,938
March 29, 2016	\$ 2.57	14,000	14,000	0
March 29, 2016	\$ 2.57	3,500	3,500	0

Contingent on your execution and non-revocation of this Agreement, the vesting of the unvested shares of Common Stock underlying the Stock Options listed above shall be accelerated such that all unvested shares of Common Stock underlying the Stock Options shall be deemed fully vested and exercisable. The Company hereby acknowledges and agrees that the termination of your employment as provided herein is due to a Disability (as such term is defined in the Company’s Amended and Restated 2014 Equity and Incentive Plan) and that accordingly, the Stock Options shall remain exercisable for twelve months following the Separation Date.

3. COBRA. Your participation in all Company benefit plans and programs will end on the Separation Date. You understand your legal right, pursuant to the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) and California COBRA (Cal-COBRA), after the Separation Date and upon timely completion of the appropriate forms, to continue at your own expense, your medical and dental insurance coverage. Provided that you execute and do not revoke this Agreement, should you elect Federal/Cal-COBRA continuation coverage, the Company will pay the cost of such coverage for the maximum period under the laws that such coverage is available to you and your dependent, so long as the Company sponsors a group health plan and you remain eligible for COBRA/Cal-COBRA coverage. The COBRA/Cal-COBRA payments described herein, including COBRA/Cal-COBRA administrative fees, will be made by the Company directly to the Company's third-party COBRA/Cal-COBRA administrator.

4. Pay and Benefits Acknowledgement. You hereby acknowledge that you have been, or will be, paid all wages and other compensation owed to you for all time worked for the Company, as well as all of your accrued and unused vacation days. You further acknowledge and understand that, except for the specific financial consideration and other benefits contained in this Agreement, you are not entitled to and shall not receive any additional compensation, consideration or benefits from the Company.

5. Covenants by You. You acknowledge and agree to the following:

(a) You are obligated to return to the Company, and you hereby represent that you have returned, all Company documents, originals and copies, whether in hard or electronic form, and all Company property, including without limitation keys, computers, computer disks, pagers, phones and credit cards.

(b) You remain bound by, and will continue to abide by, the Zosano Pharma, Inc. At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement you signed on April 30, 2014, which is attached hereto and the terms of which are incorporated by reference into this Agreement, in addition to any other obligations created by law requiring you to protect the Company's trade secrets, and confidential and proprietary documents and information.

(c) Neither you nor any of the Company's directors, officers, or senior managers will make any statements, whether verbally or in writing (including in electronic communications) that are professionally or personally disparaging of, or adverse to the interests of, the Company or its officers, directors, senior managers, or Winnie Tso. This includes, but is not limited to, any statements that disparage the products, services, finances, financial condition, capability or any other aspect of the business of the Company. The Company and you further agree not to engage in any conduct which is intended to harm, professionally or personally, the reputation of the Company or its officers, directors, senior managers, or Winnie Tso.

6. Release of Claims.

(a) You hereby agree and acknowledge that by signing this Agreement and accepting the consideration discussed in Sections 2 and 3, you are waiving your right to assert any and all forms of legal Claims against the Company ^{1/} of any kind whatsoever, arising from the beginning of time through the date you execute this Agreement. With the sole and limited exceptions set forth in paragraph (b) below, for purposes of this Section 6 the words “Claim” and “Claims” are intended to be as broad as the law allows and to mean: any and all charges, complaints, and other form of action against the Company seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages, or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys’ fees and any other costs) against the Company, including, without limitation:

- (i) Claims under any California (or any other state) or federal discrimination or fair employment practices statute, regulation or executive order (as they may have been amended through the date you sign this Agreement), including but not limited to the California Fair Employment and Housing Act and the federal Age Discrimination in Employment Act;
- (ii) Claims under any other California (or any other state) or federal employment-related statute, regulation or executive order (as they may have been amended through the date you sign this Agreement), including but not limited to the California Labor Code;
- (iii) Claims under any California (or any other state) or federal common law theory; and
- (iv) any other Claims arising under other local, state or federal law.

(b) Notwithstanding anything to the contrary contained in this Agreement, this Section 6 does not release (i) any obligation expressly set forth in this Agreement; (ii) any claims arising solely after the execution of this Agreement; (iii) any claims or rights you may have to any vested benefits or rights under any employee benefit, welfare, retirement and/or pension plans (not including equity-related plans); (iv) non-termination related claims under the Employee Retirement Income Security Act (29 U.S.C. § 1001 et seq.), as amended; (v) any rights and/or claims you may have under COBRA; (vi) claims for unemployment compensation; (vii) claims for reimbursement of approved business expenses incurred prior to the Separation Date; (viii) rights, if any, to defense and indemnification from the Company or its insurers for actions taken by you in the course and scope of your employment with the Company; or (ix) any rights you may have to obtain contribution as permitted by law in the event of entry of judgment against you as a result of any act or failure to act for which you and the Company or its past, present and future trustees, officers, agents, administrators, representatives, employees, affiliates, or insurers are held jointly liable.

^{1/} For purposes of this Section, the term “Company” includes Zosano Pharma, Inc. and any of its divisions, affiliates (which means all persons and entities directly or indirectly controlling, controlled by or under common control with Zosano Pharma, Inc.), parents, subsidiaries and all other related entities, and its and their directors, officers, employees, trustees, agents, successors and assigns.

(c) You expressly acknowledge and agree that, but for providing the foregoing release of Claims, you would not be receiving the payments and benefits being provided to you under Sections 2 and 3 of this Agreement.

7. Understanding this Agreement. Before signing this Agreement, you should take whatever steps you believe are necessary to ensure that you understand what you are signing, what benefits you are receiving and what rights you are giving up.

(a) By signing this Agreement, you are acknowledging that you have read it carefully and understand all of its terms.

(b) You understand and acknowledge that, if you do not sign this Agreement, including the Release of Claims, you will not be receiving any COBRA Payments.

(c) You understand that among other claims you are releasing in the Release of Claims are any claims against the Company alleging discrimination on the basis of age .

(d) You acknowledge that you have read and understand Section 1542 of the Civil Code of the State of California, which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

You expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect and in any jurisdiction with respect to the release set forth herein.

(e) You are hereby advised and encouraged to consult with legal counsel of your choosing for the purpose of reviewing the terms of this Agreement and acknowledge that you have had access to the advice of counsel at all times relevant to this Agreement.

(f) You are being given twenty-one (21) days in which to consider this Agreement and whether to accept this Agreement. If you choose to accept this Agreement within that time, you are to sign and date below and return it to the Company, c/o Robb Anderson, Zosano Pharma, Inc., 34790 Ardentech Court, Fremont, CA 94555.

(g) Even after executing this Agreement, you have seven (7) days after signing to revoke this Agreement. The Agreement will not be effective or enforceable until this seven-day period has expired. In order to revoke your assent to this Agreement, you must, within seven (7) days after you sign this Agreement, deliver a written notice of rescission to Robb Anderson at the address noted above. To be effective, the notice of rescission must be hand delivered, or postmarked within the seven-day period and sent by certified mail, return receipt requested, to the referenced address.

8. Limitations. Notwithstanding the foregoing, you understand the following:

(a) Nothing contained in this Agreement precludes you from filing a charge of discrimination with the United States Equal Employment Opportunity Commission (“EEOC”) or any state fair employment practices agency (“FEPA”) or participating in an investigation by the EEOC or any FEPA, but you will not be entitled to any monetary or other relief from the EEOC or any FEPA on the basis of or in connection with such charge or investigation, or from any Court as a result of litigation brought on the basis of or in connection with such charge or investigation;

(b) Nothing in this Agreement prohibits, or is intended in any manner to prohibit, you from reporting a possible violation of federal or state law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under whistleblower provisions of federal or state law or regulation. You do not need the prior authorization of anyone at the Company to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures. Nothing in this Agreement limits your ability to receive a whistleblower or other award from a governmental agency or entity for information provided to such an agency or entity.

(c) Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. § 1833(b) for confidential disclosures of trade secrets to government officials, or lawyers, solely for the purpose of reporting or investigating a suspected violation of law; or in a sealed filing in court or other proceeding.

9. Entire Agreement. You understand and agree that this Agreement constitutes the full extent of the Company’s commitment to you. You further understand and agree that this Agreement supersedes any prior agreements between you and the Company, except to the extent other agreements are specifically referenced herein and incorporated into this Agreement. No changes to this Agreement will be valid unless reduced to writing and signed by you and the Company. Furthermore, you acknowledge and agree that the benefits provided in this Agreement are not otherwise due or owing to you under any Company employment agreement, policy or practice, and that the benefits are not intended to, and shall not, constitute a severance plan, and shall confer no benefit on anyone other than the parties hereto.

10. Assignment. This Agreement and the rights hereunder are personal to you and may not be transferred or assigned by you at any time. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary, affiliate or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business assets (whether by merger or otherwise).

11. Choice of Law/Enforceability. This Agreement shall be deemed to have been made in the State of California, shall take effect as an instrument under seal within California, and shall be governed by and construed in accordance with the laws of California, without giving effect to its conflict of law principles.

12. General. By executing this Agreement, you are acknowledging that you have been afforded sufficient time to understand its terms and effects, that your agreements and obligations under this Agreement are made voluntarily, knowingly and without duress, and that neither the Company nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement.

Your signature below reflects your understanding of, and agreement to, the terms and conditions set forth above.

Very truly yours,

ZP OPCO, INC.

By: /s/ Georgia Erbez
Georgia Erbez

Confirmed and Agreed:

/s/ Winnie Tso
WINNIE TSO

Dated: May 5, 2017



Zosano Reports First Quarter 2017 Financial Results and Announces Management Changes

- Pivotal trial of M207 meets co-primary endpoints to establish fast and durable pain relief
- \$29.3 million follow-on offering of common stock provides funding for initiating required safety study and meeting pre-commercialization CMC/ manufacturing criteria
- Zosano names John P. Walker Interim CEO

FREMONT, CA, May 9, 2017 - Zosano Pharma Corporation (NASDAQ: ZSAN), a CNS-focused company with a lead product, M207, that recently established a differentiated safety and efficacy profile in a pivotal trial as an acute treatment for migraine, today reported financial results for the first quarter ended March 31, 2017. In addition, John P. Walker, Chairman of the company's Board of Directors, has been named Interim Chief Executive Officer to replace Konstantinos Alataris who has resigned as CEO and director of the company. Georgia Erbez, our Chief Business Officer and Interim Chief Financial Officer, has assumed full responsibility for both functions.

"The first quarter saw our lead product candidate meet both co-primary endpoints in ZOTRIP, our pivotal efficacy study of M207 as an acute treatment for migraine. In addition, the company completed a follow-on offering that resulted in \$29.3 million in gross proceeds earmarked for advancing M207 towards FDA approval. These two important accomplishments are a result of the commitment and capabilities of Zosano's management team and gives me great confidence in our ability to continue to meet the strategic milestones established by the company."

"The pivotal study results importantly validate our technology platform, and, if approved by the FDA, point to M207's positioning as an acute treatment for migraine sufferers that is differentiated from what is currently available. I look forward to working with the team at Zosano and to bringing this exciting new drug to market." commented John P. Walker, Interim Chief Executive Officer.

— more —

“On behalf of the Board of Directors, I want to thank Konstantinos Alataris for his efforts and commitment to the company over the past two years. We wish him well in his future endeavors,” added Walker.

Pivotal Study Results / Status

In February, the Company announced statistically significant results from the ZOTRIP trial, which demonstrated that the 3.8mg dose of M207 met both co-primary endpoints, achieving pain freedom and most bothersome symptom freedom at 2 hours. The 3.8mg dose achieved a p value of <0.05 in the secondary endpoints of pain freedom at 45 minutes and 1 hour, and showed durability of effect on pain freedom to 24 and 48 hours. These results demonstrated that M207 not only provided fast onset but also a durability of effect, up to 2 days and hence freedom from recurrence of migraine. Additionally, M207 demonstrated a similar safety profile as other triptans and no Serious Adverse Events (SAEs) were reported in the trial.

The FDA has indicated that a single, positive, pivotal efficacy study, in addition to a safety study of M207, will be sufficient to file for approval under a 505(b)(2) pathway. The Company plans to initiate the safety study in the second half of 2017.

Financial Results for the First Quarter Ended March 31, 2017

- Zosano reported a net loss for the first quarter of 2017 of \$7.0 million, or \$0.34 per share on a basic and diluted basis, compared with a net loss of \$8.1 million, or \$0.68 per share on a basic and diluted basis, for the same quarter in 2016.
- Research and development (R&D) expenses for the first quarter of 2017 were \$4.6 million, compared with \$5.6 million for the same quarter in 2016. The decrease was primarily driven by decreased costs for the M207 efficacy study upon completion of the pivotal efficacy trial and by the workforce reduction costs associated with our strategic realignment in the first quarter of 2016.
- General and administrative (G&A) expenses for the first quarter of 2017 were \$2.1 million, compared with \$2.2 million for the same quarter in 2016. G&A expenses were essentially consistent and were primarily composed of personnel, consulting costs, and stock compensation expense.
- As of March 31, 2017, we had cash and cash equivalents of \$37.3 million, and debt of \$11.2 million. As of March 31, 2017, we had approximately 39.2 million common shares outstanding. In March, Zosano announced the completion of a public offering of common stock that generated aggregate gross proceeds of approximately \$29.3 million. The financing provides funding for the continued advancement of M207 towards an NDA submission.

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About John P. Walker

Walker brings to Zosano more than 40 years of experience as a Board Chairman, Chief Executive Officer and interim CEO at life science companies. In these roles, he has been involved with Vitaphore, which was sold to Union Carbide Chemicals and Plastics; Arris/Axys, which was sold to Celera Genomics; Centaur, which was sold to Renovis; Signal Pharmaceuticals, which was sold to Celgene; Kai Pharmaceuticals, which was sold to Amgen; Guava Technologies, which was sold to Millipore; and iPierian, which was sold to Bristol Myers Squibb as well as in the mergers of Novacea and Transcept and of Renovis and Evotec.

He is currently serving as Executive Chairman of Vizuri Life Sciences LLC and has been a director on the Boards of other life science companies, including Geron, Evotec and Affymax. In addition, he currently serves on the Board of Directors of the Lucille Packard Children's Hospital at Stanford University and Random Acts of Flowers, a non-profit that repurposes flowers for ill patients. He began his early business career at American Hospital Supply Corporation where he became President of the Hospital Company.

About Migraine

Migraine is the leading cause of disability among neurological disorders in the United States according to the American Migraine Foundation. Migraine symptoms can include moderate to severe headache pain combined with nausea and vomiting, or abnormal sensitivity to light and sound. According to the Migraine Research Foundation, migraine affects 30 million men, women and children in the United States. Most migraines last between four and 24 hours, but some last as long as three days. According to published studies, 63% of migraine patients experience between one and four migraines per month. According to Decision Resources, prescription drug sales for migraine in the top seven countries were estimated to be \$3.3 billion in 2015, and are expected to grow to \$4.4 billion in 2020. Triptans, a family of tryptamine-based drugs first sold in the 1990s, account for almost 75% of anti-migraine therapies prescribed at office visits.

About M207

M207 is our proprietary formulation of zolmitriptan coated onto our patented intracutaneous microneedle patch, which is then applied with our proprietary applicator to ensure uniform and consistent application. In February 2017, the Company announced statistically significant results from the ZOTRIP trial, which demonstrated that the 3.8mg dose of M207 met both co-primary endpoints, achieving pain freedom and most bothersome symptom freedom at 2 hours. In a Phase 1 trial, M207 demonstrated markedly faster absorption kinetics compared to oral zolmitriptan. The Company presented these results at the 2016 annual meeting of the American Headache Society.

About Zosano Pharma

Zosano Pharma Corporation is an emerging CNS company focusing on providing rapid symptom relief to patients using known therapeutics and altering their delivery profile using the Company's proprietary intracutaneous delivery system. The Company's goal is to make intracutaneous drug delivery a standard of care for delivering drugs requiring fast onset of action. Zosano Pharma has developed its proprietary intracutaneous delivery system to administer proprietary formulations of existing drugs through the skin for the treatment of a variety of indications. The Company believes that its intracutaneous delivery system offers rapid and consistent drug delivery combined with ease of use. The Company is focused on developing products that deliver established molecules with known safety and efficacy profiles for markets where patients remain underserved by existing therapies. Zosano Pharma anticipates that many of its current and future development programs may enable the Company to utilize a regulatory pathway that would streamline clinical development and accelerate the path towards commercialization. Learn more at www.zosanopharma.com.

Forward-Looking Statements

This press release contains forward-looking statements regarding the timing of expected clinical development milestones, sufficiency of our capital resources and need for future funding and other future events and expectations. Readers are urged to consider statements that include the words "may," "will," "would," "could," "should," "might," "believes," "estimates," "projects," "potential," "expects," "plans," "anticipates," "intends," "continues," "forecast," "designed," "goal," "unaudited," "approximately" or the negative of those words or other comparable words to be uncertain and forward-looking. These statements are subject to risks and uncertainties that are difficult to predict and actual outcomes may differ materially. These include risks and uncertainties, without limitation, associated with the process of discovering, developing and commercializing products that are safe and effective for use as human therapeutics, risks inherent in the effort to build a business around such products and other risks and uncertainties described under the heading "Risk Factors" in the Company's most recent annual report on Form 10-K. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot in any way guarantee that the future results, level of activity, performance or events and circumstances reflected in forward-looking statements will be achieved or occur. All forward-looking statements are based on information currently available to Zosano and Zosano assumes no obligation to update any such forward-looking statements.

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Chief Business Officer and
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Blueprint Life Science Group
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ZOSANO PHARMA CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2017	2016
Revenue	\$ —	\$ —
Operating expenses:		
Research and development	4,626	5,622
General and administrative	2,122	2,176
Total operating expenses	6,748	7,798
Loss from operations	(6,748)	(7,798)
Other expense:		
Interest expense, net	(247)	(316)
Other expense, net	(2)	(1)
Loss before provision for income taxes	(6,997)	(8,115)
Provision for income taxes	—	—
Net loss	(6,997)	(8,115)
Net loss per common share – basic and diluted	\$ (0.34)	\$ (0.68)
Weighted-average shares used in computing net loss per common share – basic and diluted	20,335	11,967

ZOSANO PHARMA CORPORATION AND SUBSIDIARY
SELECTED CONDENSED CONSOLIDATED BALANCE SHEETS DATA
(in thousands)

	March 31,	December 31,
	2017	2016
Cash, cash equivalents and marketable securities	\$ 37,341	\$ 15,003
Total current assets	38,103	15,276
Total assets	43,182	20,906
Secured promissory note	11,155	12,542
Total liabilities	14,659	16,421
Stockholders' equity	28,523	4,485

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