

2nd Letter Agreement

This Letter Agreement is by and between Capstone Therapeutics Corp., a Delaware corporation, having its principal business at 1275 West Washington Street, Suite 104, Tempe, AZ 85281 ("Capstone"), its joint venture, LipimetiX Development, Inc., a Delaware corporation, having its principal business at 5 Commonwealth Road, Suite 2a, Natick, MA 01760 ("LipimetiX"), and Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., Investment 10, LLC, and MSI BVF SPV, LLC. (the "BVF Parties").

Re: Securities Purchase Agreement dated as of December 11, 2015 and the Letter Agreement dated April 28, 2017 by and among Capstone Therapeutics Corp. and Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., Investment 10, LLC, and MSI BVF SPV, LLC.

Ladies and Gentlemen:

Please refer to the above Securities Purchase Agreement (the "Agreement").

Capitalized terms used in this letter agreement without definition shall have the meanings set forth herein.

By execution of this letter agreement below, each of the undersigned BVF Parties agrees as follows:

1. Extension of Maturity Date. The Maturity Date shall be extended from June 15, 2017 by 15 days to June 30, 2017.

Except as expressly modified hereby, the Agreement shall remain in full force and effect.

This letter agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any signature page delivered electronically or by facsimile (including without limitation transmission by .pdf) shall be binding to the same extent as an original signature page. Any party who delivers such a signature page agrees to later deliver an original counterpart to the other party if so requested.

Please confirm your agreement hereto by executing the acknowledgement and agreement below and returning it to the undersigned via email or fax.

Kind regards,

CAPSTONE THERAPEUTICS CORP. LIPIMETIX DEVELOPMENT, INC.

By: /s/ John M. Holliman, III

Name: John M. Holliman

Title: Executive Chairman

By: /s/ John M. Holliman, III

John M. Holliman

Executive Chairman

ACKNOWLEDGED AND AGREED, as of this 12th day of June 2017:

Biotechnology Value Fund, L.P.

By: BVF, Inc., General Partner

By: /s/ Mark Lampert

Mark Lampert

Title: President

Biotechnology Value Fund II, L.P.

By: BVF, Inc., General Partner

By: /s/ Mark Lampert

Name: Mark Lampert

Title: President

Investment 10, LLC

By: BVF, Inc., attorney-in-fact

By: /s/ Mark Lampert

Name: Mark Lampert

Title: President

MSI BVF SPV, LLC

By: BVF, Inc., attorney-in-fact

By: /s/ Mark Lampert

Name: Mark Lampert

Title: President

**Biotechnology Value Trading
Fund OS, L.P.**

**By: BVF Partners OS, Ltd.,
General Partner**

By: BVF Partners L.P.,

Managing Member
By: BVF, Inc., General Partner

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President

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: June 12, 2017 (Date of earliest event reported)

CAPSTONE THERAPEUTICS CORP.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>000-21214</u> (Commission File Number)	<u>86-0585310</u> (I.R.S. Employer Identification No.)
<u>1275 West Washington Street, Suite 104, Tempe, Arizona</u> (Address of principal executive offices)		<u>85281</u> (Zip Code)

Registrant's telephone number, including area code:
(602) 286-5520

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 communications 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 communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications 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 of 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.

Section 2 – Financial Information

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 11, 2015, Capstone Therapeutics Corp. ("we," our," "us" or the "Company") entered into a Securities Purchase Agreement (the "Agreement") with Biotechnology Value Fund affiliated entities Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., Investment 10, LLC, and MSI BVF SPV, LLC (the "Lenders") (Included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2015). The Lenders currently own in the aggregate approximately 19% of our outstanding Common Stock, par value \$.0005 per share ("Common Stock").

Pursuant to the Agreement, the Lenders funded an aggregate of \$1,000,000 of loans to us, evidenced by Convertible Promissory Notes (the "Notes") dated December 11, 2015 and due April 30, 2017. On April 28, 2017 the Lenders entered into a Letter Agreement extending the maturity of the Notes to June 15, 2017 (Included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2017). On June 12, 2017 the Lenders entered into the 2nd Letter Agreement to extend the maturity of the Notes to June 30, 2017. The Notes bear interest at 5% per annum and are secured by a security interest in all of our assets.

A copy of the 2nd Letter Agreement is filed with this report as Exhibit 10.1 and is incorporated into this Item 2.03 by this reference.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

10.1	2 nd Letter Agreement dated June 12, 2017 to the Securities Purchase Agreement dated December 11, 2015, by and among Capstone Therapeutics, Corp. and Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., Investment 10, LLC, and MSI BVF SPV, LLC.
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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 hereunto duly authorized.

Dated: June 15, 2017

CAPSTONE THERAPEUTICS CORP.

/s/ John M. Holliman, III
John M. Holliman, III
Executive Chairman and CEO

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
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