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As filed with the Securities and Exchange Commission on March 17, 2014.

Registration No. 333-193204

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

Amendment No. 2
to
FORM S-1
REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

ALDEYRA THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	2834	20-1968197
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

15 New England Executive Park
Burlington, MA 01803
Telephone: (781) 270-0630

(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Todd C. Brady, M.D., Ph.D.
President and Chief Executive Officer
Aldeyra Therapeutics, Inc.
15 New England Executive Park
Burlington, MA 01803
Telephone: (781) 270-0630

(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies to:

Jay K. Hachigian **Keith J. Scherer** **Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP** **850 Winter Street** **Waltham, MA 02451** **Telephone: (781) 890-8800** **Telecopy: (781) 622-1622**	**Scott L. Young** **Chief Operating Officer** **15 New England Executive Park** **Burlington, MA 01803** **Telephone: (781) 270-0630**	**Ivan K. Blumenthal** **Avisheh Avini** **Mintz Levin Cohn Ferris Glovsky and Popeo PC** **666 Third Avenue** **New York, NY 10017** **Telephone: (212) 935-5000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price(1)(4)	Amount of Registration Fee(2)
Common Stock, $0.001 par value per share(3)	2,300,000(4)	$12.00	$27,600,000	$3,554.88
Representative's Warrant to Purchase Common Stock(5)	—	—	—	—
Common Stock Underlying Representative's Warrant(3)(6)	80,000	$15.00	$1,200,000	$154.56
TOTAL REGISTRATION FEE	2,380,000		$28,800,000	$3,709.44

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act, based on an estimate of the proposed maximum aggregate offering price.

(2) $2,680.00 previously paid.

(3) Pursuant to Rule 416 under the Securities Act of 1933, as amended, the shares of common stock registered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions.

(4) Includes 300,000 shares of common stock issuable upon exercise of an option to purchase additional shares granted to the underwriters.

(5) No registration fee pursuant to Rule 457(g) under the Securities Act, as amended.

(6) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(g) under the Securities Act, as amended. The warrants are exercisable at a per share exercise price equal to 125% of the public offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED MARCH 17, 2014**

2,000,000 Shares
Common Stock

ALDEYRA THERAPEUTICS™

This is the initial public offering of shares of common stock of Aldeyra Therapeutics, Inc. No public market currently exists for our shares. We are offering all of the shares of common stock offered by this prospectus. We expect the public offering price of our shares of common stock to be between $10.00 and $12.00 per share.

All common share and per-common-share figures in this prospectus have been adjusted to reflect a 1-for-12 reverse stock split of our outstanding common stock to be effected prior to the consummation of this offering.

We have applied to list our common stock on The NASDAQ Capital Market under the symbol "ALDX." No assurance can be given that our application will be approved.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, and, as such, we have elected to take advantage of certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 9 of this prospectus for a discussion of information that should be considered in connection with an investment in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount and commissions(1)	$	$
Offering proceeds to us before expenses	$	$

(1) Does not include a non-accountable expense allowance equal to 1% of the gross proceeds of this offering payable to Aegis Capital Corp., the representative of the underwriters. See "Underwriting" for a description of compensation payable to the underwriters.

We have granted a 45-day option to the representative of the underwriters to purchase up to 300,000 additional shares of common stock solely to cover over-allotments, if any.

The underwriters expect to deliver our shares to purchasers in the offering on or about , 2014.

Aegis Capital Corp

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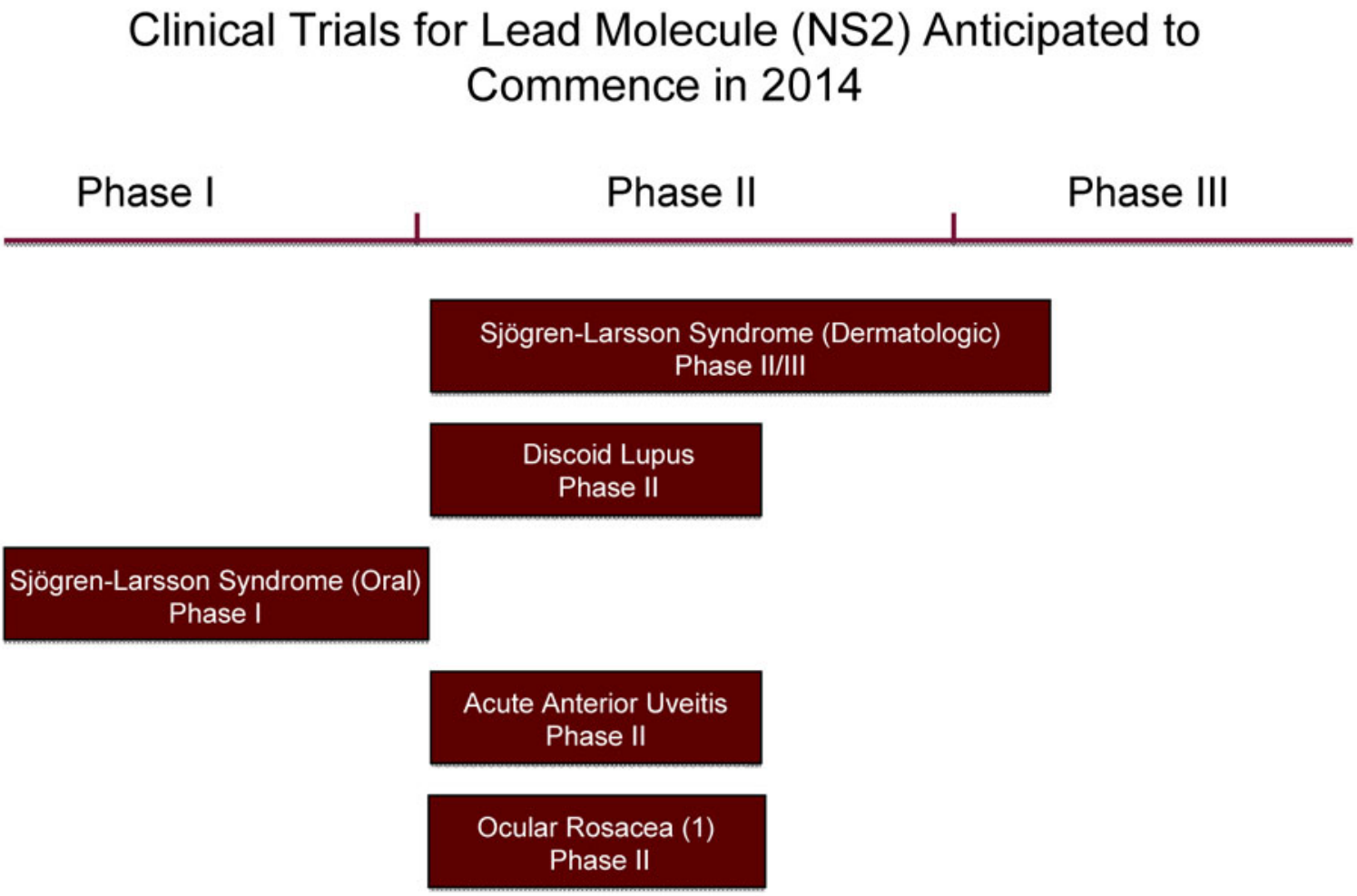

(1) Ocular Rosacea with Meibomian Gland Dysfunction.

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Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. When you make a decision about whether to invest in our common stock, you should not rely upon any information other than the information in this prospectus or in any free writing prospectus that we may authorize to be delivered or made available to you. Neither the delivery of this prospectus nor the sale of our common stock means that the information contained in this prospectus or any free writing prospectus is correct after the date of this prospectus or such free writing prospectus. This prospectus is not an offer to sell or the solicitation of an offer to buy the shares of common stock in any circumstances under which the offer or solicitation is unlawful.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements."

Aldeyra Therapeutics and our logo are our pending trademarks that are used in this prospectus. This prospectus may also include other trademarks, tradenames and service marks that are the property of their respective holders. Solely for convenience, trademarks and tradenames referred to in this prospectus may appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable holder will not assert its rights, to these trademarks and tradenames.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information you should consider before investing in our common stock. You should read this prospectus carefully, especially the risks set forth under the heading "Risk Factors" and our financial statements and related notes included elsewhere in this prospectus, before making an investment decision. References in this prospectus, unless the context otherwise requires, to "Aldeyra," "our company," "we," "us" and "our" and other similar references refer to Aldeyra Therapeutics, Inc. during the periods presented unless the context requires otherwise.

ALDEYRA THERAPEUTICS, INC.

Overview

We are a biotechnology company focused primarily on the development of products to treat immune-mediated, inflammatory, orphan, and other diseases that are thought to be related to a naturally occurring toxic chemical species known as free aldehydes. We discovered and are developing NS2, a product candidate that is designed to trap and allow for disposal of free aldehydes, for the treatment of the following diseases: Sjögren-Larsson Syndrome (SLS), a rare disease caused by mutations in an enzyme that metabolizes fatty aldehydes; discoid lupus, an autoimmune condition that affects skin; acute anterior uveitis, an inflammatory eye disease; and ocular rosacea with meibomian gland dysfunction, a dry eye disease associated with rosacea, an inflammatory dermal condition.

We believe there is significant unmet medical need for the therapies we intend to develop. We are not aware of any therapy that has been approved by the United States Food and Drug Administration, or the FDA, for SLS or ocular rosacea with meibomian gland dysfunction. We believe that therapies for discoid lupus are moderately to poorly effective in controlling or curing the disease without drug related toxicity. Acute anterior uveitis is often treated with corticosteroids (commonly used anti-inflammatory agents), but prolonged use of corticosteroids can lead to significant morbidity. In addition, SLS, discoid lupus, and acute anterior uveitis are rare conditions. We intend to request orphan drug designation from the FDA for the drugs that we are developing to treat rare diseases.

NS2 has been tested in a variety of *in vitro* and preclinical models, and has demonstrated the ability to trap free aldehydes, diminish inflammation, reduce healing time, protect key cellular constituents from aldehyde damage, and lower the potential for scarring or fibrosis. NS2 has been tested in a variety of toxicity studies in animals and appears to be generally safe and well tolerated. We are also developing aldehyde traps distinct from NS2 that have the potential to treat diseases other than those described above.

We have evaluated NS2 in a Phase I clinical trial in 48 healthy volunteers where NS2 was observed to be safe and well tolerated when administered as an eye drop up to four times per day over seven days. In 2014, we plan to initiate the following clinical trials, the data from all of which are expected to be available in the second half of 2015:

- Phase II clinical trials with our NS2 eye drop in acute anterior uveitis and in ocular rosacea with meibomian gland dysfunction;
- Phase II/III clinical trial in SLS with a topical dermatologic formulation of NS2;
- Phase II clinical trial in discoid lupus with a topical dermatologic formulation of NS2; and
- Phase I clinical trial of NS2 administered orally to healthy volunteers.

We are raising capital to fund these clinical trials with NS2 as well as to develop different aldehyde traps for the treatment of other diseases, and for general corporate purposes. We believe that NS2 has the potential to be the first in class of aldehyde traps for the diseases described above and potentially for inflammatory and other diseases generally. None of our products have been approved for sale in the United States or elsewhere.

Risks Related to Our Business

An investment in our common stock involves a high degree of risk. Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors". These risks represent challenges to the successful implementation of our strategy and to the growth and future profitability of our business. Some of these risks include the following:

- We have incurred significant operating losses since our inception, and we expect to incur significant losses for the foreseeable future. We may never become profitable or, if achieved, be able to sustain profitability.
- Our business is dependent in large part on the success of a single product candidate, NS2, which has not entered a clinical trial to demonstrate efficacy in humans. We cannot be certain that we will be able to obtain regulatory approval for, or successfully commercialize, NS2.
- Because we have limited experience developing clinical-stage compounds, there is a limited amount of information about us upon which you can evaluate our product candidates and business prospects.
- The results of preclinical studies and early clinical trials are not always predictive of future results. Any product candidate we or any of our future development partners advance into clinical trials, including NS2, may not have favorable results in later clinical trials, if any, or receive regulatory approval.
- Because NS2 and our other product candidates are, to our knowledge, new chemical entities, it is difficult to predict the time and cost of development and our ability to successfully complete clinical development of these product candidates and obtain the necessary regulatory approvals for commercialization.
- Aldehyde trapping is an unproven approach, the safety and efficacy of which has not been demonstrated in humans.
- NS2 and our other product candidates are subject to extensive regulation, compliance with which is costly and time consuming, and such regulation may cause unanticipated delays, or prevent the receipt of the required approvals to commercialize our product candidates.
- Any termination or suspension of, or delays in the commencement or completion of, our planned clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.
- Any product candidate we or any of our future development partners advance into clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent its regulatory approval or commercialization or limit its commercial potential.
- If our competitors develop treatments for the target indications of our product candidates that are approved more quickly than ours, marketed more successfully or demonstrated to be safer or more effective than our product candidates, our commercial opportunity will be reduced or eliminated.
- We are currently highly dependent on the services of our two senior employees and certain key consultants.
- Even if we receive regulatory approval for NS2 or any other product candidate, we still may not be able to successfully commercialize it and the revenue that we generate from its sales, if any, could be limited.

For further discussion of these and other risks you should consider before making an investment in our common stock, see the section titled "Risk Factors" beginning on page 8 of this prospectus.

Our Corporate Information

Our principal executive offices are located at 15 New England Executive Park, Burlington, MA 01803, and our telephone number is (781) 270-0630. On March 17, 2014, we changed our name from Aldexa Therapeutics, Inc. to Aldeyra Therapeutics, Inc. Our website address is www.aldeyra.com. Our website and the information contained in, or accessible

through, our website will not be deemed to be incorporated by reference into this prospectus and does not constitute part of this prospectus. You should not rely on any such information in making your decision whether to purchase our common stock.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in gross revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- exemption from complying with the auditor attestation requirements under Section 404 of the Sarbanes-Oxley Act, regarding the effectiveness of our internal controls over financial reporting;
- reduced disclosure obligations regarding the company's executive compensation arrangements in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute arrangements not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended, or the Securities Act, which such fifth anniversary will occur in 2019, or until such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual gross revenue, the date at which we become a large accelerated filer, or issue more than $1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens.

We have elected to take advantage of certain of the reduced disclosure obligations and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

We have irrevocably elected not to avail ourselves of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

The Offering

Common stock offered by us	2,000,000 shares of our common stock.
Common stock to be outstanding after this offering	5,970,164 shares of our common stock.
Over-allotment option	We have granted the underwriters a 45-day option to purchase up to 300,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions.
Use of proceeds	We intend to use the net proceeds of this offering for research and development activities, including our planned clinical trials of NS2, to develop aldehyde traps for the treatment of other diseases and for working capital and other general corporate purposes. See “Use of Proceeds.”
Dividend policy	We do not currently intend to declare dividends on shares of our common stock. See “Dividend Policy.”
Risk factors	You should read the “Risk Factors” section of this prospectus for a discussion of factors that you should consider carefully before deciding to invest in shares of our common stock.
Proposed trading symbol	“ALDX”

The number of shares of our common stock to be outstanding after this offering is based on 3,970,164 shares of our common stock outstanding as of December 31, 2013 assuming the anticipated conversion of all then outstanding shares of Series A convertible preferred stock and Series B convertible preferred stock into common stock, and excludes:

- 609,842 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2013, at a weighted-average exercise price of approximately $1.4795 per share;
- 14,649 shares of common stock reserved for issuance under our 2010 equity incentive plan;
- 625,000 shares of common stock reserved for future issuance under our 2013 equity incentive plan, or the 2013 plan, which became effective in October 2013 but with respect to which no awards will be granted prior to the effective date of the registration statement of which this prospectus is a part, subject to automatic annual adjustment in accordance with the terms of the plan;
- 2,571 shares of common stock to be issued upon the net exercise of outstanding warrants to purchase shares of our Series A convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus and the subsequent conversion of such shares of Series A convertible preferred stock into shares of common stock;
- 108,076 shares of common stock to be issued upon the net exercise of outstanding warrants to purchase shares of our Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus and the subsequent conversion of such shares of Series B convertible preferred stock into shares of common stock;
- 80,000 shares of common stock issuable upon exercise of warrants to be issued to the representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price, as described in the “Underwriting –Representative’s Warrants” section of this prospectus; and
- 15,454 shares of common stock issuable upon conversion of a convertible promissory note issued in the original principal amount of $170,000 at the public offering price per share assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, which will occur immediately prior to the closing of this offering;
- the automatic conversion of all outstanding shares of our Series A convertible preferred stock into 2,326,118 shares of our common stock immediately prior to the closing of the offering;
- the automatic conversion of all outstanding shares of our Series B convertible preferred stock into 1,316,681 shares of our common stock immediately prior to the closing of the offering;
- a one-for-12 reverse stock split of our common stock to be effected before the completion of this offering;
- no exercise of the outstanding options or the warrants to be issued to the representative of the underwriters described above; and
- no exercise by the underwriters of their option to purchase additional shares of our common stock to cover over-allotments, if any.

SUMMARY FINANCIAL DATA

The following tables set forth, for the periods and as of the dates indicated, our summary financial data. The statements of operations data for the years ended December 31, 2012 and 2013 and the cumulative period from August 13, 2004 (inception) to December 31, 2013 are derived from our audited financial statements included elsewhere in the prospectus. You should read the following information together with the more detailed information contained in "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in the prospectus. Our historical results are not indicative of the results to be expected in the future.

	Years Ended December 31,		Cumulative for the Period from August 13, 2004 (Inception) to December 31, 2013
	2012	2013	
Statements of Operations:			
Operating expenses:			
Research and development(1)	$ 469,270	$ 1,541,681	$ 12,847,149
General and administrative(1)	644,941	2,134,726	6,359,850
Loss from operations	(1,114,211)	(3,676,407)	(19,206,999)
Other income (expenses):			
Change in fair value of preferred stock warrant liabilities	(9,000)	720,785	711,785
Change in fair value of convertible preferred stock rights and rights option liabilities	(125,500)	16,175,386	15,539,486
Value provided in excess of issuance price of Series B convertible preferred stock	(21,484,762)	-	(21,484,762)
Other income	871	-	250,756
Interest income	101	31	188,738
Other expenses	-	-	(42,566)
Interest expense	(342,014)	(159,323)	(989,151)
Total other income (expenses), net	(21,960,304)	16,736,879	(5,825,714)
Net income (loss) and comprehensive income (loss)	(23,074,515)	13,060,472	(25,032,713)
Accretion of issuance costs on preferred stock	(389,487)	(822,550)	(1,936,637)
Allocation of undistributed earnings to preferred stockholders	-	(11,128,012)	(11,128,012)
Deemed dividend to Series A preferred stockholders	(15,661,898)	-	(15,661,898)
Net income (loss) attributable to common stockholders	$ (39,125,900)	$ 1,109,910	$ (53,759,260)
Net income (loss) per share attributable to common stockholders:			
Basic (2)	$ (124.44)	$ 3.49	
Diluted	$ (124.44)	$ (17.58)	
Weighted average common shares outstanding:			
Basic (2)	314,419	318,429	
Diluted	314,419	857,183	
Pro forma net income (loss) per share attributable to common stockholders (unaudited):			
Basic		$ 2.70	
Diluted		$ (0.71)	
Pro forma weighted average common shares outstanding (unaudited)			
Basic		4,071,875	
Diluted		4,412,887	

Footnotes on page 8

	As of December 31, 2013		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted (unaudited)
Balance Sheet Data:			
Cash and cash equivalents	$ 3,262,354	$ 3,262,354	$ 22,352,354
Working capital	2,665,755	2,665,755	21,755,755
Total assets	3,743,233	3,743,233	22,360,766
Credit facility (net of discount)	1,187,175	1,187,175	1,187,175
Accrued deferred offering costs	394,368	394,368	-
Convertible preferred stock warrant liabilities	3,518,867	-	-
Redeemable convertible preferred stock	38,317,298	-	-
Total stockholders' equity (deficit)	(40,221,326)	1,614,839	20,704,839

The pro forma column in the balance sheet data table above reflects the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 3,642,799 shares of common stock and the issuance of 110,647 shares of common stock upon the net exercise of outstanding warrants to purchase shares of our Series A convertible preferred stock and Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus and the subsequent conversion of such shares of preferred stock into shares of common stock; and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related parties totaling $3,518,867 to additional paid-in capital, a component of stockholders equity (deficit).

The pro forma as adjusted column in the balance sheet data table above reflects (1) the automatic conversion of all outstanding shares of our convertible preferred stock as of December 31, 2013 into an aggregate of 3,642,799 shares of common stock upon completion of this offering, (2) the issuance of 110,647 shares of common stock upon the net exercise of outstanding warrants to purchase shares of our Series A convertible preferred stock and Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus and the subsequent conversion of such shares of preferred stock into shares of common stock and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related parties totaling $3,518,867 to additional paid-in capital, a component of stockholders equity (deficit), and (3) our sale of 2,000,000 shares of common stock in this offering at an assumed initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $11.00 per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity (deficit) by approximately $1.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity (deficit) by approximately $10.1 million. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

The following shares are excluded from the above calculations:

- 609,842 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2013, at a weighted-average exercise price of $1.4795 per share;
- 14,649 shares of common stock reserved for issuance under our 2010 equity incentive plan as of December 31, 2013;
- 625,000 shares of our common stock reserved for future issuance under our 2013 equity incentive plan, or the 2013 plan, which became effective in October 2013 but with respect to which no awards will be granted prior to the effective date of the registration statement of which this prospectus is a part, subject to automatic annual adjustment in accordance with the terms of the plan;

- 80,000 shares of common stock issuable upon exercise of the warrant to be issued to the representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price; and
- 15,454 shares of common stock issuable upon conversion of a convertible promissory note issued in the original principal amount of $170,000 at the public offering price per share assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus.

Footnotes from page 6:

(1) Includes stock-based compensation as follows:

	Year Ended	
	December 31, 2012	December 31, 2013
Research and development	$ 79,415	$ 481,598
General and administrative	4,986	1,220,115
Total	$ 84,401	$ 1,701,713

(2) Please see Notes 2 and 3 to our financial statements included elsewhere in this prospectus for an explanation of the method used to calculate our actual and pro forma basic and diluted net income (loss) per share attributable to common stockholders, and for the weighted-average number of shares used in the computation of per share amounts.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, financial condition, results of operations, and prospects could be materially and adversely affected. In that event, the price of our common stock could decline and you could lose part or all of your investment.

Risks Related to our Business

We have incurred significant operating losses since inception, and we expect to incur significant losses for the foreseeable future. We may never become profitable or, if achieved, be able to sustain profitability.

We have incurred significant operating losses since we were founded in 2004 and expect to incur significant losses for the next several years as we continue our clinical trial and development programs for NS2 and our other product candidates. Net income for the year ended December 31, 2013 was approximately $13.1 million, which includes a non-cash income adjustment of $16.2 million related to the change in fair value of our derivative instrument liabilities. Without this non-cash income adjustment, the net loss for the year ended December 31, 2013 would have been approximately $3.1 million. As of December 31, 2013, we had a deficit accumulated during the development stage of of approximately $41.3 million. Losses have resulted principally from costs incurred in our clinical trials, research and development programs and from our general and administrative expenses. In the future, we intend to continue to conduct research and development, clinical testing, regulatory compliance activities and, if NS2 or any of our other product candidates is approved, sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in our incurring further significant losses for the next several years.

We currently generate no revenue from sales, and we may never be able to commercialize NS2 or our other product candidates. We do not currently have the required approvals to market any of our product candidates and we may never receive them. We may not be profitable even if we or any of our future development partners succeed in commercializing any of our product candidates. Because of the numerous risks and uncertainties associated with developing and commercializing our product candidates, we are unable to predict the extent of any future losses or when we will become profitable, if at all.

Our business is dependent in large part on the success of a single product candidate, NS2, which has not entered a clinical trial to demonstrate efficacy in humans. We cannot be certain that we will be able to obtain regulatory approval for, or successfully commercialize, NS2.

Our product candidates are in the early stage of development and will require additional preclinical studies, substantial clinical development and testing, and regulatory approval prior to commercialization. We have only one product candidate that has been the focus of significant development: NS2, a novel small molecule chemical entity that is believed to trap and allow for the disposal of free aldehydes, toxic chemical species suspected to cause and exacerbate numerous diseases in humans and animals. We are largely dependent on successful continued development and ultimate regulatory approval of this product candidate for our future business success. We have invested, and will continue to invest, a significant portion of our time and financial resources in the development of NS2. We will need to raise sufficient funds for, and successfully enroll and complete, our planned clinical trials of NS2, which we intend to commence in 2014. The future regulatory and commercial success of this product candidate is subject to a number of risks, including the following:

- we may not have sufficient financial and other resources to complete the necessary clinical trials for NS2;
- we may not be able to provide evidence of safety and efficacy for NS2;
- the results of our planned clinical trials may not confirm the results of our Phase I trial of NS2 as an eye drop in healthy volunteers, particularly because the safety of NS2 has not been confirmed in a diseased population nor has NS2 been tested in humans in any other dosage form other than an eye drop;
- we have not demonstrated efficacy of NS2 in any clinical trial;
- there may be variability in patients, adjustments to clinical trial procedures and inclusion of additional clinical trial sites;

- the results of our clinical trials may not meet the level of statistical or clinical significance required by the United States Food and Drug Administration, or FDA, or comparable foreign regulatory bodies for marketing approval;

- patients in our clinical trials may die or suffer other adverse effects for reasons that may or may not be related to NS2;

- if approved for certain diseases, NS2 will compete with well-established products already approved for marketing by the FDA, including corticosteroids and other agents that have demonstrated efficacy in some of the diseases for which we may attempt to develop NS2; and

- we may not be able to obtain, maintain or enforce our patents and other intellectual property rights.

Of the large number of drugs in development in the pharmaceutical industry, only a small percentage result in the submission of a New Drug Application (NDA) to the FDA and even fewer are approved for commercialization. Furthermore, even if we do receive regulatory approval to market NS2, any such approval may be subject to limitations on the indicated uses for which we may market the product. Accordingly, even if we are able to obtain the requisite financing to continue to fund our development programs, we cannot assure you that NS2 will be successfully developed or commercialized. If we or any of our future development partners are unable to develop, or obtain regulatory approval for or, if approved, successfully commercialize, NS2, we may not be able to generate sufficient revenue to continue our business.

Because we have limited experience developing clinical-stage compounds, there is a limited amount of information about us upon which you can evaluate our product candidates and business prospects.

We commenced our first clinical trial in 2010, and we have limited experience developing clinical-stage compounds upon which you can evaluate our business and prospects. In addition, as an early-stage clinical development company, we have limited experience in conducting clinical trials, and we have never conducted clinical trials of a size required for regulatory approvals. Further, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. For example, to execute our business plan we will need to successfully:

- execute our product candidate development activities, including successfully completing our clinical trial programs;

- obtain required regulatory approvals for our product candidates;

- manage our spending as costs and expenses increase due to the performance and completion of clinical trials, attempting to obtain regulatory approvals, manufacturing and commercialization;

- secure substantial additional funding;

- develop and maintain successful strategic relationships;

- build and maintain a strong intellectual property portfolio;

- build and maintain appropriate clinical, sales, distribution, and marketing capabilities on our own or through third parties; and

- gain broad market acceptance for our product candidates.

If we are unsuccessful in accomplishing these objectives, we may not be able to develop product candidates, raise capital, expand our business, or continue our operations.

The scientific rationale for our Sjögren-Larsson Syndrome clinical program does not necessarily predict the clinical success of NS2.

Sjögren-Larsson Syndrome (SLS) is a rare disease afflicting an estimated 1 in 250,000 people worldwide, equivalent to approximately 1,000 patients in the United States and a larger number in Europe. SLS is caused by genetic

mutations in an enzyme, Fatty Aldehyde Dehydrogenase (FALDH), that converts long-chain aldehydes into fatty acids. In addition to manifesting what is believed to be severe aldehyde toxicity, SLS patients also have elevated levels of fatty alcohols and may manifest diminished levels of fatty acids.

The dermal pathology of SLS is thought to be due to aldehyde-mediated damage of lipids (fats) that contribute to the formation of the dermal moisture barrier. As a result, SLS patients are thought to lose water from skin, leading to compensatory mechanisms that include proliferation of the superficial layers of skin that may be partially effective in preventing water loss. Increased levels of skin proliferation in SLS patients lead to ichthyosis, a severe skin disorder characterized by plaques and scales, thickening, redness, inflammation and pruritus (itching).

NS2 traps aldehydes and has been shown to prevent fatty aldehyde-mediated modification of lipids *in vitro*, in human skin cells and in cells that have been genetically modified to lack FALDH. Thus, NS2 may be partially or wholly effective in preventing and treating ichthyosis or other dermal symptoms, signs, or pathologies in SLS. However, the proposed mechanism of action of NS2 in SLS has not been demonstrated in humans. Further, our assumptions about the pathogenesis of skin disease in SLS patients may not be accurate. For instance, SLS skin disease may be caused by elevated fatty alcohol levels or decreased fatty acid levels, neither of which NS2 is predicted to affect directly.

The results of preclinical studies and early clinical trials are not always predictive of future results. Any product candidate we or any of our future development partners advance into clinical trials, including NS2, may not have favorable results in later clinical trials, if any, or receive regulatory approval.

Drug development has inherent risk. We or any of our future development partners will be required to demonstrate through adequate and well-controlled clinical trials that our product candidates are safe and effective, with a favorable benefit-risk profile, for use in their target indications before we can seek regulatory approvals for their commercial sale. Drug development is a long, expensive and uncertain process, and delay or failure can occur at any stage of development, including after commencement of any of our clinical trials. In addition, success in early clinical trials does not mean that later clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety or efficacy despite having progressed through initial clinical testing. Furthermore, our future trials will need to demonstrate sufficient safety and efficacy for approval by regulatory authorities in larger patient populations. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. In addition, only a small percentage of drugs under development result in the submission of an NDA to the FDA and even fewer are approved for commercialization.

Because NS2 and our other product candidates are to our knowledge, new chemical entities, it is difficult to predict the time and cost of development and our ability to successfully complete clinical development of these product candidates and obtain the necessary regulatory approvals for commercialization.

Our product candidates are, to our knowledge, new chemical entities, and unexpected problems related to such new technology may arise that can cause us to delay, suspend or terminate our development efforts. NS2 administered as an eye drop has completed a Phase I clinical trial in healthy volunteers. NS2 has not been administered to humans by any other route. Further, NS2 has not demonstrated efficacy in humans for any disease. Because NS2 is a novel chemical entity with limited use in humans, short and long-term safety, as well as prospects for efficacy, are poorly understood and difficult to predict due to our and the regulatory agencies' lack of experience with them. Regulatory approval of new product candidates such as NS2 can be more expensive and take longer than approval for other more well-known or extensively studied pharmaceutical or biopharmaceutical product candidates.

Aldehyde trapping is an unproven approach, the safety and efficacy of which has not been demonstrated in humans.

Aldehydes are thought to be mediators of inflammation and other pathology. However, we are aware of only a limited number of attempts to lower aldehyde levels and modulate disease in animals or humans. Thus, there is only moderate justification for the approach of lowering aldehyde levels to treat disease. Despite evidence suggestive of benefit in animal models, clinical trials may indicate that aldehyde trapping has no effect or negative effects on the diseases we intend to test. Animal studies may not predict safety or efficacy in humans.

Our dermatologic topical formulation of NS2 is unlikely to affect other clinical manifestations of SLS, which may decrease the likelihood of regulatory and commercial acceptance.

While the primary day-to-day complaint of SLS patients and their caregivers are symptoms associated with severe skin disease, SLS patients also manifest varying degrees of mental delay, spasticity and retinal disease. Due to expected low systemic exposure of NS2 when administered topically to the skin, it is unlikely that NS2 will affect the non-dermatologic conditions of SLS. Lack of effect in neurologic and ocular manifestations of SLS may negatively impact regulatory discussions with the FDA and may also negatively impact reimbursement, pricing and commercial acceptance of NS2.

If we are not able to test NS2 in SLS or in other diseases, we will not be able to initiate clinical trials necessary for demonstrating drug safety and efficacy in patients.

NS2 and the activities associated with its development and potential commercialization, including its testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other jurisdictions.

We have not submitted an Investigational New Drug (IND) application to investigate NS2 as a topical dermatologic in SLS or discoid lupus and we have not amended our active IND for NS2 administered as an eye drop to include acute anterior uveitis and ocular rosacea with meibomian gland dysfunction. Submission of an IND for NS2 as a treatment for SLS and discoid lupus will require new data, including dermatologic toxicity studies, that we have not yet generated. In addition, our active NS2 IND for ocular administration was originally submitted to test an eye disease (the dry form of age-related macular degeneration) other than uveitis and ocular rosacea and thus the FDA may require new data that we have not yet generated. We are not permitted to test a drug under a new IND in the United States until the FDA has no objection to the initial IND submission. To date, we have completed one Phase I clinical trial for NS2 administered as an eye drop in healthy volunteers. We will have to submit separate INDs for each of the other indications that we intend to study which could mean additional delays in the commencement of each of the related trials and the performance of additional preclinical studies. We have not demonstrated efficacy of NS2 in any patient population.

We currently plan to commence five clinical trials in 2014: a Phase I trial of orally administered NS2 in healthy volunteers, a Phase II/III trial of NS2 administered as a topical dermatologic to patients with SLS, a Phase II trial of NS2 administered as a topical dermatologic to patients with discoid lupus, and two Phase II trials of NS2 administered as an eye drop to patients with acute anterior uveitis and ocular rosacea with meibomian gland dysfunction. There is no guarantee that these clinical trials or any other future trials will be allowed by the FDA to proceed or generate successful results, or that regulators will agree with our assessment of the clinical trials for NS2. In addition, we expect to rely on consultants and third party contract research organizations to assist us with regulatory filings and the conduct of our clinical trials. The FDA and other regulators have substantial discretion and may refuse to accept any application or may decide that our current data is insufficient for clinical trial initiation and require additional clinical trials, or preclinical or other studies.

NS2 and our other product candidates are subject to extensive regulation, compliance with which is costly and time consuming, and such regulation may cause unanticipated delays, or prevent the receipt of the required approvals to commercialize our product candidates.

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing, and distribution of our product candidates are subject to extensive regulation by the FDA in the United States and by comparable authorities in foreign markets. In the United States, we are not permitted to market our product candidates until we receive regulatory approval from the FDA. The process of obtaining regulatory approval is expensive, often takes many years, and can vary substantially based upon the type, complexity, and novelty of the products involved, as well as the target indications, and patient population. Approval policies or regulations may change and the FDA has substantial discretion in the drug approval process, including the ability to delay, limit, or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA or comparable foreign regulatory authorities can delay, limit, or deny approval of a product candidate for many reasons, including:

- such authorities may disagree with the design or implementation of our or any of our future development partners' clinical trials;

- we or any of our future development partners may be unable to demonstrate to the satisfaction of the FDA or other regulatory authorities that a product candidate is safe and effective for any indication;
- such authorities may not accept clinical data from trials which are conducted at clinical facilities or in countries where the standard of care is potentially different from the United States;
- the results of clinical trials may not demonstrate the safety or efficacy required by such authorities for approval;
- we or any of our future development partners may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- such authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- such authorities may find deficiencies in the manufacturing processes or facilities of third-party manufacturers with which we or any of our future development partners contract for clinical and commercial supplies; or
- the approval policies or regulations of such authorities may significantly change in a manner rendering our or any of our future development partners' clinical data insufficient for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, events raising questions about the safety of certain marketed pharmaceuticals may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us or any of our future development partners from commercializing our product candidates.

Any termination or suspension of, or delays in the commencement or completion of, our planned clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.

Before we can initiate clinical trials in the United States for our product candidates, we need to submit the results of preclinical testing to the FDA as part of an IND application, along with other information including information about product candidate chemistry, manufacturing, and controls and our proposed clinical trial protocol. We may rely in part on preclinical, clinical, and quality data generated by contract research organization (CROs) and other third parties for regulatory submissions for our product candidates. If these third parties do not make timely regulatory submissions for our product candidates, it will delay our plans for our clinical trials. If those third parties do not make this data available to us, we will likely have to develop all necessary preclinical and clinical data on our own, which will lead to significant delays and increase development costs of the product candidate. In addition, the FDA may require us to conduct additional preclinical testing for any product candidate before it allows us to initiate clinical testing under any IND, which may lead to additional delays and increase the costs of our preclinical development. Delays in the commencement or completion of our planned clinical trials for NS2 or other product candidates could significantly affect our product development costs. We do not know whether our planned trials will begin on time or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to:

- the FDA failing to grant permission to proceed or placing the clinical trial on hold;
- subjects failing to enroll or remain in our trial at the rate we expect;
- subjects choosing an alternative treatment for the indication for which we are developing NS2 or other product candidates, or participating in competing clinical trials;
- lack of adequate funding to continue the clinical trial;
- subjects experiencing severe or unexpected drug-related adverse effects;

- a facility manufacturing NS2, any of our other product candidates or any of their components being ordered by the FDA or other government or regulatory authorities, to temporarily or permanently shut down due to violations of current Good Manufacturing Practices, or cGMP, or other applicable requirements, or infections or cross-contaminations of product candidates in the manufacturing process;

- any changes to our manufacturing process that may be necessary or desired;

- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, Good Clinical Practice or regulatory requirements, or other third parties not performing data collection or analysis in a timely or accurate manner;

- inspections of clinical trial sites by the FDA or the finding of regulatory violations by the FDA or an institutional review board, or IRB, that require us to undertake corrective action, result in suspension or termination of one or more sites or the imposition of a clinical hold on the entire trial, or that prohibit us from using some or all of the data in support of our marketing applications;

- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications; or

- one or more IRBs refusing to approve, suspending or terminating the trial at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial.

Product development costs will increase if we have delays in testing or approval of NS2 or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of or if we, the FDA or other regulatory authorities, the IRB, other reviewing entities, or any of our clinical trial sites suspend or terminate any of our clinical trials, the commercial prospects for a product candidate may be harmed and our ability to generate product revenues will be delayed. In addition, many of the factors that cause, or lead to, termination or suspension of, or a delay in the commencement or completion of, clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate. Further, if one or more clinical trials are delayed, our competitors may be able to bring products to market before we do, and the commercial viability of NS2 or other product candidates could be significantly reduced.

Any product candidate we or any of our future development partners advance into clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent its regulatory approval or commercialization or limit its commercial potential.

Unacceptable adverse events caused by any of our product candidates that we advance into clinical trials could cause us or regulatory authorities to interrupt, delay, or halt clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications and markets. This in turn could prevent us from completing development or commercializing the affected product candidate and generating revenue from its sale.

We have not yet completed testing of any of our product candidates in humans for the treatment of the indications for which we intend to seek approval, and we currently do not know the extent of adverse events, if any, that will be observed in patients who receive any of our product candidates. NS2, for example, has been observed to be toxic at high concentrations in *in vitro* human dermal tissue. If any of our product candidates cause unacceptable adverse events in clinical trials, we may not be able to obtain regulatory approval or commercialize such product candidate.

Final marketing approval for NS2 or our other product candidates by the FDA or other regulatory authorities for commercial use may be delayed, limited, or denied, any of which would adversely affect our ability to generate operating revenues.

After the completion of our clinical trials and, assuming the results of the trials are successful, the submission of an NDA, we cannot predict whether or when we will obtain regulatory approval to commercialize NS2 or our other product

candidates and we cannot, therefore, predict the timing of any future revenue. We cannot commercialize NS2 or our other product candidates until the appropriate regulatory authorities have reviewed and approved the applicable applications. We cannot assure you that the regulatory agencies will complete their review processes in a timely manner or that we will obtain regulatory approval for NS2 or our other product candidates. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action or changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. If marketing approval for NS2 or our other product candidates is delayed, limited or denied, our ability to market the product candidate, and our ability to generate product sales, would be adversely affected.

Even if we obtain marketing approval for NS2 or any other product candidate, it could be subject to restrictions or withdrawal from the market and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our product candidate, when and if any of them are approved.

Even if United States regulatory approval is obtained, the FDA may still impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly and time consuming post-approval studies, post-market surveillance or clinical trials. Following approval, if any, of NS2 or any other product candidates, such candidate will also be subject to ongoing FDA requirements governing the labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, recordkeeping and reporting of safety and other post-market information. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents. If we or a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requesting recall or withdrawal of the product from the market or suspension of manufacturing.

If we or the manufacturing facilities for NS2 or any other product candidate that may receive regulatory approval, if any, fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements or applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of product, or request us to initiate a product recall.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue.

The FDA has the authority to require a risk evaluation and mitigation strategy plan as part of a NDA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry.

In addition, if NS2 or any of our other product candidates is approved, our product labeling, advertising and promotion would be subject to regulatory requirements and continuing regulatory review. The FDA strictly regulates the promotional claims that may be made about prescription products. In particular, a product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling. If we receive marketing approval for a product candidate, physicians may nevertheless prescribe it to their patients in a manner that is inconsistent with the approved label. If

we are found to have promoted such off-label uses, we may become subject to significant liability. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant sanctions. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed.

Even if we receive regulatory approval for NS2 or any other product candidate, we still may not be able to successfully commercialize it and the revenue that we generate from its sales, if any, could be limited.

Even if our product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors, and the medical community. Coverage and reimbursement of our product candidates by third-party payors, including government payors, is also generally necessary for commercial success. The degree of market acceptance of our product candidates will depend on a number of factors, including:

- demonstration of clinical efficacy and safety compared to other more-established products;
- the limitation of our targeted patient population and other limitations or warnings contained in any FDA-approved labeling;
- acceptance of a new formulation by health care providers and their patients;
- the prevalence and severity of any adverse effects;
- new procedures or methods of treatment that may be more effective in treating or may reduce the incidences of SLS or other conditions for which our products are intended to treat;
- pricing and cost-effectiveness;
- the effectiveness of our or any future collaborators' sales and marketing strategies;
- our ability to obtain and maintain sufficient third-party coverage or reimbursement from government health care programs, including Medicare and Medicaid, private health insurers and other third-party payors;
- unfavorable publicity relating to the product candidate; and
- the willingness of patients to pay out-of-pocket in the absence of third-party coverage.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors or patients, we may not generate sufficient revenue from that product candidate and may not become or remain profitable. Our efforts to educate the medical community and third-party payors on the benefits of NS2 or any of our other product candidates may require significant resources and may never be successful. In addition, our ability to successfully commercialize our product candidate will depend on our ability to manufacture our products, differentiate our products from competing products and defend the intellectual property of our products.

Reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our product candidates profitably.

Market acceptance and sales of our product candidates will depend significantly on the availability of adequate insurance coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future health care reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. Reimbursement by a third-party payor may depend upon a number of factors including the third-party payor's determination that use of a product candidate is:

- a covered benefit under its health plan;

- safe, effective, and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product candidate from a government or other third-party payor is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost effectiveness data for the use of the applicable product candidate to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Further, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our product candidates. If reimbursement is not available or is available only in limited levels, we may not be able to commercialize certain of our product candidates profitably, or at all, even if approved.

As a result of legislative proposals and the trend toward managed health care in the United States, third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement of new drugs. They may also refuse to provide coverage of approved product candidates for medical indications other than those for which the FDA has granted market approvals. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved drugs, which in turn will put pressure on the pricing of drugs. We expect to experience pricing pressures in connection with the sale of our product candidates due to the trend toward managed health care, the increasing influence of health maintenance organizations, and additional legislative proposals as well as country, regional or local healthcare budget limitations.

If we fail to develop and commercialize other product candidates, we may be unable to grow our business.

As part of our growth strategy, we plan to evaluate the development and commercialization of other therapies related to immune-mediated, inflammatory, orphan and other diseases. We will evaluate internal opportunities from our compound libraries, and also may chose to in-license or acquire other product candidates as well as commercial products to treat patients suffering from immune-mediated or orphan or other disorders with high unmet medical needs and limited treatment options. These other product candidates will require additional, time-consuming development efforts prior to commercial sale, including preclinical studies, clinical trials and approval by the FDA and/or applicable foreign regulatory authorities. All product candidates are prone to the risks of failure that are inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and/or effective for approval by regulatory authorities. In addition, we cannot assure you that any such products that are approved will be manufactured or produced economically, successfully commercialized or widely accepted in the marketplace or be more effective than other commercially available alternatives.

Orphan drug designation from the FDA may be difficult or not possible to obtain, and if we are unable to obtain orphan drug designation for NS2 or our other product candidates, regulatory and commercial prospects may be negatively impacted.

The FDA designates orphan status to drugs that are intended to treat rare diseases with fewer than 200,000 patients in the United States or that affect more than 200,000 persons but are not expected to recover the costs of developing and marketing a treatment drug. Orphan status drugs do not require prescription drug user fees with a marketing application, may qualify the drug development sponsor for certain tax credits, and can be marketed without generic competition for seven years. We believe that NS2 will qualify as an orphan drug for SLS, discoid lupus, and acute anterior uveitis. However, we cannot guarantee that we will be able to receive orphan drug status from the FDA for NS2. If we are unable to secure orphan drug status for NS2 or our other product candidates, our regulatory and commercial prospects may be negatively impacted.

We rely and will continue to rely on outsourcing arrangements for many of our activities, including clinical development and supply of NS2 and our other product candidates.

We currently have only two full-time employees and, as a result, we rely, and expect to continue to rely, on outsourcing arrangements for a significant portion of our activities, including clinical research, data collection and analysis,

manufacturing, financial reporting and accounting and human resources, as well as for certain functions as a public company. We may have limited control over these third parties and we cannot guarantee that they will perform their obligations in an effective and timely manner.

We rely on third parties to conduct our clinical trials. If these third parties do not meet our deadlines or otherwise conduct the trials as required, our clinical development programs could be delayed or unsuccessful and we may not be able to obtain regulatory approval for or commercialize our product candidates when expected or at all.

We do not have the ability to conduct all aspects of our preclinical testing or clinical trials ourselves. We are dependent on third parties to conduct the Phase II and Phase III clinical trials for NS2 and clinical trials for our other future product candidates and, therefore, the timing of the initiation and completion of these trials is controlled by such third parties and may occur on substantially different timing from our estimates. Specifically, we use CROs to conduct our clinical trials and rely on medical institutions, clinical investigators, CROs, and consultants to conduct our trials in accordance with our clinical protocols and regulatory requirements. Our CROs, investigators, and other third parties play a significant role in the conduct of these trials and subsequent collection and analysis of data.

There is no guarantee that any CROs, investigators, or other third parties on which we rely for administration and conduct of our clinical trials will devote adequate time and resources to such trials or perform as contractually required. If any of these third parties fails to meet expected deadlines, fails to adhere to our clinical protocols, or otherwise performs in a substandard manner, our clinical trials may be extended, delayed, or terminated. If any of our clinical trial sites terminates for any reason, we may experience the loss of follow-up information on subjects enrolled in our ongoing clinical trials unless we are able to transfer those subjects to another qualified clinical trial site. In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site may be jeopardized.

We rely completely on third parties to supply drug substance and manufacture drug product for our clinical trials and preclinical studies. We intend to rely on other third parties to produce commercial supplies of product candidates, and our dependence on third parties could adversely impact our business.

We are completely dependent on third-party suppliers of the drug substance and drug product for our product candidates. If these third-party suppliers do not supply sufficient quantities of materials to us on a timely basis and in accordance with applicable specifications and other regulatory requirements, there could be a significant interruption of our supplies, which would adversely affect clinical development of the product candidate. Furthermore, if any of our contract manufacturers cannot successfully manufacture material that conforms to our specifications and within regulatory requirements, we will not be able to secure and/or maintain regulatory approval, if any, for our product candidates.

We will also rely on our contract manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our anticipated clinical trials. We do not have any control over the process or timing of the acquisition of raw materials by our contract manufacturers. Moreover, we currently do not have agreements in place for the commercial production of these raw materials. Any significant delay in the supply of a product candidate or the raw material components thereof for an ongoing clinical trial could considerably delay completion of that clinical trial, product candidate testing, and potential regulatory approval of that product candidate.

We do not expect to have the resources or capacity to commercially manufacture any of our proposed product candidates if approved, and will likely continue to be dependent on third-party manufacturers. Our dependence on third parties to manufacture and supply us with clinical trial materials and any approved product candidates may adversely affect our ability to develop and commercialize our product candidates on a timely basis.

We are subject to a multitude of manufacturing risks, any of which could substantially increase our costs and limit supply of our products.

The process of manufacturing our products is complex, highly regulated and subject to several risks, including:

- The manufacturing of compounds is extremely susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, or vendor or operator error. Even minor deviations

from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

- The manufacturing facilities in which our products are made could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors.

- We and our contract manufacturers must comply with the FDA's cGMP regulations and guidelines. We and our contract manufacturers may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. We and our contract manufacturers are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our products, including leading to significant delays in the availability of products for our clinical studies or the termination or hold on a clinical study, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation. If we are not able to maintain regulatory compliance, we may not be permitted to market our products and/or may be subject to product recalls, seizures, injunctions, or criminal prosecution.

Any adverse developments affecting manufacturing operations for our products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

We may not be successful in establishing and maintaining development or other strategic partnerships, which could adversely affect our ability to develop and commercialize product candidates.

We may choose to enter into development or other strategic partnerships in the future, including collaborations with major biotechnology or pharmaceutical companies. We face significant competition in seeking appropriate partners and the negotiation process is time consuming and complex. Moreover, we may not be successful in our efforts to establish a development partnership or other alternative arrangements for any of our other existing or future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early a stage of development for collaborative effort and/or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish development partnerships, the terms that we agree upon may not be favorable to us and we may not be able to maintain such development partnerships if, for example, development or approval of a product candidate is delayed or sales of an approved product candidate are disappointing. Any delay in entering into development partnership agreements related to our product candidates could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market.

Moreover, if we fail to maintain development or other strategic partnerships related to our product candidates that we may choose to enter into:

- the development of certain of our current or future product candidates may be terminated or delayed;

- our cash expenditures related to development of certain of our current or future product candidates would increase significantly and we may need to seek additional financing;

- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; and

- we will bear all of the risk related to the development of any such product candidates.

We may form strategic alliances in the future, and we may not realize the benefits of such alliances.

We may form strategic alliances, create joint ventures or collaborations or enter into licensing arrangements with third parties that we believe will complement or augment our existing business, including for the continued development or commercialization of NS2 or our other product candidates. These relationships or those like them may require us to incur non-recurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for NS2 or our other product candidates because third parties may view the risk of success in our planned clinical trial as too significant or the commercial opportunity for our product candidate as too limited. We cannot be certain that, following a strategic transaction or license, we will achieve the revenues or specific net income that justifies such transaction.

If our competitors develop treatments for the target indications of our product candidates that are approved more quickly than ours, marketed more successfully or demonstrated to be safer or more effective than our product candidates, our commercial opportunity will be reduced or eliminated.

We operate in highly competitive segments of the biotechnology and biopharmaceutical markets. We face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies, and private and public research institutions. Our product candidates, if successfully developed and approved, will compete with established therapies as well as with new treatments that may be introduced by our competitors. With the exception of SLS, there are a variety of drug candidates in development for the indications that we intend to test. Please refer to the “Business—Competition” section of this prospectus for more information. Many of our competitors have significantly greater financial, product candidate development, manufacturing, and marketing resources than we do. Large pharmaceutical and biotechnology companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, universities and private and public research institutes may be active in aldehyde research, and some could be in direct competition with us. We also may compete with these organizations to recruit management, scientists, and clinical development personnel. We will also face competition from these third parties in establishing clinical trial sites, registering subjects for clinical trials, and in identifying and in-licensing new product candidates. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

New developments, including the development of other pharmaceutical technologies and methods of treating disease, occur in the pharmaceutical and life sciences industries at a rapid pace. Developments by competitors may render our product candidates obsolete or noncompetitive. There are methods that can potentially be employed to trap aldehydes that we have not conceived of or attempted to patent, and other parties may discover and patent aldehyde trapping approaches and compositions that are similar to or different from ours. Competition in drug development is intense. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.

Our future success depends on our ability to demonstrate and maintain a competitive advantage with respect to the design, development and commercialization of NS2 or our other product candidates. Discoid lupus, uveitis, and ocular rosacea with meibomian gland dysfunction may be treated with general immune suppressing therapies, including corticosteriods, some of which are generic. Our potential competitors in these diseases may be developing novel immune modulating therapies that may be safer or more effective than NS2 or our other product candidates.

We have no sales, marketing or distribution capabilities and we will have to invest significant resources to develop these capabilities.

We have no internal sales, marketing or distribution capabilities. If NS2 or any of our other product candidates ultimately receives regulatory approval, we may not be able to effectively market and distribute the product candidate. We will have to invest significant amounts of financial and management resources to develop internal sales, distribution and marketing capabilities, some of which will be committed prior to any confirmation that NS2 or any of our other product candidates will be approved. We may not be able to hire consultants or external service providers to assist us in sales, marketing and distribution functions on acceptable financial terms or at all. Even if we determine to perform sales, marketing and distribution functions ourselves, we could face a number of additional related risks, including:

- we may not be able to attract and build an effective marketing department or sales force;

- the cost of establishing a marketing department or sales force may exceed our available financial resources and the revenues generated by NS2 or any other product candidates that we may develop, in-license or acquire; and

- our direct sales and marketing efforts may not be successful.

We are highly dependent on the services of our two senior employees and certain key consultants.

As a company with a limited number of personnel, we are highly dependent on the development, regulatory, commercial, and financial expertise of our senior management team composed of two individuals: Todd C. Brady, M.D., Ph.D., our President and Chief Executive Officer, and Scott L. Young, our Chief Operating Officer. In addition we rely on the services of a number of key consultants, including an IP consultant, a pharmacokinetic consultant, a chemistry consultant, a toxicology consultant, a dermatologic drug development consultant and an ocular drug development consultant. The loss of such individuals or the services of future members of our management team could delay or prevent the further development and potential commercialization of our product candidates and, if we are not successful in finding suitable replacements, could harm our business.

If we fail to attract and retain senior management and key commercial personnel, we may be unable to successfully develop or commercialize our product candidates.

We will need to expand and effectively manage our managerial, operational, financial, and other resources in order to successfully pursue our clinical development and commercialization efforts. Our success also depends on our continued ability to attract, retain, and motivate highly qualified management and scientific personnel and we may not be able to do so in the future due to intense competition among biotechnology and pharmaceutical companies, universities, and research organizations for qualified personnel. If we are unable to attract and retain the necessary personnel, we may experience significant impediments to our ability to implement our business strategy. Since our founding in 2004, we have had five employees, one of which left the company and two of which are no longer employees but continue to serve on our board of directors.

We expect to significantly expand our management team. Our future performance will depend, in part, on our ability to successfully integrate newly hired executive officers into our management team and our ability to develop an effective working relationship among senior management. Our failure to integrate these individuals and create effective working relationships among them and other members of management could result in inefficiencies in the development and commercialization of our product candidates, harming future regulatory approvals, sales of our product candidates and our results of operations.

We may encounter difficulties in managing our growth and expanding our operations successfully.

Because we currently have only two full-time employees, we will need to grow our organization substantially to continue development and pursue the potential commercialization of NS2 and our other product candidates, as well as function as a public company. As we seek to advance NS2 and other product candidates, we will need to expand our financial, development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management and require us to retain additional internal capabilities. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, clinical and regulatory, financial, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to so accomplish could prevent us from successfully growing our company.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding healthcare systems that could prevent or delay marketing approval for our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our product candidates.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the United States Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

In the United States, the Medical Modernization Act of 2003, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, this legislation authorized Medicare Part D prescription drug plans to use formulas where they can limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for any approved products and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

In early 2010, President Obama signed into law the Health Care Reform Law, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and imposed additional health policy reforms. Effective October 1, 2010, the Health Care Reform Law revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, beginning in 2011, the Health Care Reform Law imposes a significant annual fee on companies that manufacture or import branded prescription drug products. Substantial new provisions affecting compliance have also been enacted, which may require us to modify our business practices with healthcare practitioners. Although it is too early to determine the effect of the Health Care Reform Law on our business, the new law appears likely to continue the pressure on pharmaceutical pricing, especially under Medicare, and may also increase our regulatory burdens and operating costs.

The continuing efforts of the government, insurance companies, managed care organizations, and other payors of healthcare services to contain or reduce costs of health care may adversely affect:

- the demand for any product candidates for which we may obtain regulatory approval;
- our ability to set a price that we believe is fair for our product candidates;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

If we market products in a manner that violates healthcare fraud and abuse laws, or if we violate government price reporting laws, we may be subject to civil or criminal penalties.

In addition to FDA restrictions on the marketing of pharmaceutical products, several other types of state and federal healthcare fraud and abuse laws have been applied in recent years to restrict certain marketing practices in the pharmaceutical industry. These laws include false claims statutes and anti-kickback statutes. Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed

healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formula managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability.

Over the past few years, several pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of alleged promotional and marketing activities, such as: allegedly providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion that caused claims to be submitted to Medicaid for non-covered, off-label uses; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates. Most states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment.

Governments may impose price controls, which may adversely affect our future profitability.

We intend to seek approval to market our product candidates in both the United States and in foreign jurisdictions. If we obtain approval in one or more foreign jurisdictions, we will be subject to rules and regulations in those jurisdictions relating to our product candidates. In some foreign countries, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of NS2 or our other product candidates.

We face an inherent risk of product liability as a result of the clinical testing of NS2 and our other product candidates and will face an even greater risk if we commercialize our product candidates. For example, we may be sued if NS2 or our other product candidates allegedly cause injury or are found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product candidate, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts.

If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for NS2 or our other product candidates;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;

- the inability to commercialize NS2 or our other product candidates; and
- a decline in our stock price.

Although we maintain product liability insurance with $1.0 million in coverage, we plan to increase our product liability insurance coverage prior to initiating the clinical trials described in this prospectus. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of NS2 or our other product candidates. Although we will maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies will also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

We and our development partners, third-party manufacturers and suppliers use biological materials and may use hazardous materials, and any claims relating to improper handling, storage, or disposal of these materials could be time consuming or costly.

We and our development partners, third-party manufacturers and suppliers may use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety or the environment. Our operations and the operations of our development partner, third-party manufacturers and suppliers also produce hazardous waste products. Federal, state, and local laws and regulations govern the use, generation, manufacture, storage, handling, and disposal of these materials and wastes. Compliance with applicable environmental laws and regulations may be expensive and current or future environmental laws and regulations may impair our product development efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. We do not carry specific biological or hazardous waste insurance coverage and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended.

We and any of our future development partners will be required to report to regulatory authorities if any of our approved products cause or contribute to adverse medical events, and any failure to do so would result in sanctions that would materially harm our business.

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

Our insurance policies are expensive and protect us only from some business risks, which leaves us exposed to significant uninsured liabilities.

We do not carry insurance for all categories of risk that our business may encounter. Some of the policies we currently maintain include general liability, workers' compensation, and directors' and officers' insurance. We do not know, however, if we will be able to maintain existing insurance with adequate levels of coverage. Any significant, uninsured liability may require us to pay substantial amounts, which would adversely affect our working capital and results of operations.

If we engage in an acquisition, reorganization or business combination, we will incur a variety of risks that could adversely affect our business operations or our stockholders.

From time to time we have considered, and we will continue to consider in the future, strategic business initiatives intended to further the development of our business. These initiatives may include acquiring businesses, technologies or products or entering into a business combination with another company. If we do pursue such a strategy, we could, among other things:

- issue equity securities that would dilute our current stockholders' percentage ownership;
- incur substantial debt that may place strains on our operations;
- spend substantial operational, financial and management resources in integrating new businesses, technologies and products; and
- assume substantial actual or contingent liabilities.

Our internal computer systems, or those of our development partners, third-party clinical research organizations or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our current and any future CROs and other contractors, consultants and collaborators are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties to manufacture our product candidates and conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our product candidate could be delayed.

Business disruptions could seriously harm our future revenues and financial condition and increase our costs and expenses.

Our operations could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or manmade disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on third-party manufacturers to produce NS2 and our other product candidates. Our ability to obtain clinical supplies of NS2 or our other product candidates could be disrupted, if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption.

Our employees may engage in misconduct or other improper activities including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, provide accurate information to regulatory authorities, comply with manufacturing standards we have established, comply with federal and state health care fraud and abuse laws and regulations, report financial information or data accurately, or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Employee misconduct could also involve improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation.

In addition, during the course of our operations our directors, executives, and employees may have access to material, nonpublic information regarding our business, our results of operations, or potential transactions we are considering. We may not be able to prevent a director, executive, or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive, or employee was to be investigated or an action was to be brought against a director, executive, or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money, and divert attention of our management team from other tasks important to the success of our business.

Risks Relating to Our Intellectual Property

Our success depends on our ability to protect our intellectual property and our proprietary technologies.

Our commercial success depends in part on our ability to obtain and maintain patent protection and trade secret protection for our product candidates, proprietary technologies, and their uses as well as our ability to operate without infringing upon the proprietary rights of others. There can be no assurance that our patent applications or those of our licensors will result in additional patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents issued will not be infringed, designed around, or invalidated by third parties. Even issued patents may later be found unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection for our proprietary rights is uncertain. Only limited protection may be available and may not adequately protect our rights or permit us to gain or keep any competitive advantage. This failure to properly protect the intellectual property rights relating to these product candidates could have a material adverse effect on our financial condition and results of operations.

Composition-of-matter patents on the biological or chemical active pharmaceutical ingredient are generally considered to be the strongest form of intellectual property protection for pharmaceutical products, as such patents provide protection without regard to any method of use. While we have issued composition-of-matter patents in the United States and other countries for NS2, we cannot be certain that the claims in our patent applications covering composition-of-matter of our other product candidates will be considered patentable by the United States Patent and Trademark Office (USPTO) and courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that the claims in our issued composition-of-matter patents will not be found invalid or unenforceable if challenged. Method-of-use patents protect the use of a product for the specified method. This type of patent does not prevent a competitor from making and marketing a product that is identical to our product for an indication that is outside the scope of the patented method. Moreover, even if competitors do not actively promote their product for our targeted indications, physicians may prescribe these products “off-label.” Although off-label prescriptions may infringe or contribute to the infringement of method-of-use patents, the practice is common and such infringement is difficult to prevent or prosecute. In addition, there are possibly methods that can be employed to trap aldehydes that we have not conceived of or attempted to patent, and other parties may discover and patent aldehyde trapping approaches and compositions that are similar to or different from ours.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or any of our future development partners will be successful in protecting our product candidates by obtaining and defending patents. These risks and uncertainties include the following:

- the USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case;

- patent applications may not result in any patents being issued;

- patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage;

- our competitors, many of whom have substantially greater resources than we do and many of whom have made significant investments in competing technologies, may seek or may have already obtained patents that will limit, interfere with, or eliminate our ability to make, use, and sell our potential product candidates;

- there may be significant pressure on the United States government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful, as a matter of public policy regarding worldwide health concerns; and

- countries other than the United States may have patent laws less favorable to patentees than those upheld by United States courts, allowing foreign competitors a better opportunity to create, develop, and market competing product candidates.

In addition, we rely on the protection of our trade secrets and proprietary know-how. Although we have taken steps to protect our trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants, and advisors, third parties may still obtain this information or may come upon this or similar information independently. If any of these events occurs or if we otherwise lose protection for our trade secrets or proprietary know-how, the value of this information may be greatly reduced.

Claims by third parties that we infringe their proprietary rights may result in liability for damages or prevent or delay our developmental and commercialization efforts.

The biotechnology industry has been characterized by frequent litigation regarding patent and other intellectual property rights. Because patent applications are maintained in secrecy until the application is published, we may be unaware of third party patents that may be infringed by commercialization of NS2 or our other product candidates. In addition, identification of third party patent rights that may be relevant to our technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Any claims of patent infringement asserted by third parties would be time consuming and could likely:

- result in costly litigation;

- divert the time and attention of our technical personnel and management;

- cause development delays;

- prevent us from commercializing NS2 or our other product candidates until the asserted patent expires or is held finally invalid or not infringed in a court of law;

- require us to develop non-infringing technology; or

- require us to enter into royalty or licensing agreements.

Although no third party has asserted a claim of patent infringement against us, others may hold proprietary rights that could prevent NS2 or our other product candidates from being marketed. Any patent-related legal action against us claiming damages and seeking to enjoin commercial activities relating to our product candidate or processes could subject us to potential liability for damages and require us to obtain a license to continue to manufacture or market NS2 or our other product candidates. We cannot predict whether we would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. In addition, we cannot be sure that we could redesign our product candidate or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing and commercializing NS2 or our other product candidates, which could harm our business, financial condition and operating results.

Any such claims against us could also be deemed to constitute an event of default under our loan and security agreement with Square 1 Bank. In the case of a continuing event of default under the loan, Square 1 Bank could, among other remedies, elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit, commence and prosecute bankruptcy and/or other insolvency proceedings, or proceed against the collateral granted to Square 1 Bank under the loan.

Our issued patents could be found invalid or unenforceable if challenged in court.

If we or any of our future development partners were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, or one of our future product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement during prosecution. Third parties may also raise similar claims before the USPTO, even outside the context of litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on such product candidate. Such a loss of patent protection would have a material adverse impact on our business.

We may fail to comply with any of our obligations under existing agreements pursuant to which we license rights or technology, which could result in the loss of rights or technology that are material to our business.

We are a party to a technology license that is important to our business and we may enter into additional licenses in the future. We currently hold a license from Ligand Pharmaceuticals Incorporated that covers use of an excipient in our eye drops. This license imposes various commercial, contingent payment, royalty, insurance, indemnification, and other obligations on us. If we fail to comply with these obligations, the licensor may have the right to terminate the license, in which event we would lose valuable rights under our collaboration agreements and our ability to develop product candidates.

We may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we engage the services of consultants to assist us in the development of our product candidates. Many of these consultants were previously employed at, or may have previously provided or may be currently providing consulting services to, other biotechnology or pharmaceutical companies including our competitors or potential competitors. We may become subject to claims that our company or a consultant inadvertently or otherwise used or disclosed trade secrets or other information proprietary to their former employers or their former or current clients. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to our management team.

If we do not obtain protection under the Hatch-Waxman Amendments by extending the patent terms and obtaining data exclusivity for our product candidate, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of NS2 or other product candidates, one or more of our United States patents may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, we may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or restoration or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and

possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. For instance, we have received correspondence from another company claiming that the prior name of our company may be confused with its name and registered marks, and as a result, they may consider challenging one of our trademark applications, and our use of the mark and company name. We did not believe that the name of our company or mark would be confused with the name of such other company or its marks, but recognized that if there is confusion, it may be difficult to protect our rights to such trademark and to build name recognition and our business could be adversely affected, and we could be at risk that such other company may choose to take formal action to try to stop us from using the name of our company or mark. There was also a risk that if there is confusion, the reputation, performance and/or actions of such other company may negatively impact our stock and our business. We therefore have, as of March 2014, adopted a new brand, Aldeyra Therapeutics. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations.

Changes in United States patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming, and inherently uncertain. In addition, Congress may pass patent reform legislation. The Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the United States Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents we might obtain in the future.

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

While we have issued composition-of-matter patents covering NS2 in the United States and other countries, filing, prosecuting and defending patents on NS2 and our other product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product candidates and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related to Our Financial Position and Need for Capital

If we fail to obtain the capital necessary to fund our operations, we will be unable to successfully develop and commercialize NS2 and our other product candidates.

We will require substantial future capital in order to complete the remaining clinical development for NS2 and our other product candidates and to potentially commercialize these product candidates. We expect our spending levels to increase in connection with our clinical trials of NS2, as well as other corporate activities. The amount and timing of any expenditure needed to implement our development and commercialization programs will depend on numerous factors, including:

- the type, number, scope, progress, expansion costs, results of and timing of our planned clinical trials of NS2 or any our other product candidates which we are pursuing or may choose to pursue in the future;
- the need for, and the progress, costs and results of, any additional clinical trials of NS2 and our other product candidates we may initiate based on the results of our planned clinical trials or discussions with the FDA, including any additional trials the FDA or other regulatory agencies may require evaluating the safety of NS2 and our other product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- the costs and timing of obtaining or maintaining manufacturing for NS2 and our other product candidates, including commercial manufacturing if any product candidate is approved;
- the costs and timing of establishing sales and marketing capabilities and enhanced internal controls over financial reporting;
- the terms and timing of establishing collaborations, license agreements and other partnerships on terms favorable to us;
- costs associated with any other product candidates that we may develop, in-license or acquire;
- the effect of competing technological and market developments;
- our ability to establish and maintain partnering arrangements for development; and
- the costs associated with being a public company.

Some of these factors are outside of our control. We do not expect our existing capital resources together with the net proceeds from this offering to be sufficient to enable us to fund the completion of our clinical trials and remaining development program through commercial introduction. We expect that we will need to raise additional funds in the near future.

We have not sold any products, and we do not expect to sell or derive revenue from any product sales for the foreseeable future. We may seek additional funding through collaboration agreements and public or private financings. Additional funding may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. In addition, the issuance of additional shares by us, or the possibility of such issuance, may cause the market price of our shares to decline.

If we are unable to obtain funding on a timely basis, we will be unable to complete the planned clinical trials for NS2 and our other product candidates and we may be required to significantly curtail some or all of our activities. We also could be required to seek funds through arrangements with collaborative partners or otherwise that may require us to relinquish rights to our product candidates or some of our technologies or otherwise agree to terms unfavorable to us.

The terms of our secured debt facility require us to meet certain operating and financial covenants and place restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business.

We have a $1.5 million loan and security agreement with Square 1 Bank that is secured by a lien covering all of our assets. As of December 31, 2012 and December 31, 2013, the outstanding principal balance of the Square 1 Bank loan was

approximately $0.5 million and $1.4 million, respectively. The loan agreement contains customary affirmative and negative covenants and events of default. Affirmative covenants include, among others, covenants requiring us to maintain our legal existence and governmental approvals, deliver certain financial reports and maintain insurance coverage. Negative covenants include, among others, restrictions on transferring any part of our business or property, changing our business, including changing the composition of our executive team or board of directors or suffering a change in the composition of the board of directors such that a least one partner of Domain Associates L.L.C. or its affiliates no longer serves as a voting member any time prior to this offering, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, making investments and creating other liens on our assets and other financial covenants, in each case subject to customary exceptions. If we default under the terms of the loan agreement, including failure to satisfy our operating covenants, the lender may accelerate all of our repayment obligations and take control of our pledged assets, potentially requiring us to renegotiate our agreement on terms less favorable to us or to immediately cease operations. Further, if we are liquidated, the lender's right to repayment would be senior to the rights of the holders of our common stock. The lender could declare a default upon the occurrence of any event that they interpret as a material adverse effect as defined under the loan agreement. Any declaration by the lender of an event of default could significantly harm our business and prospects and could cause the price of our common stock to decline. If we raise any additional debt financing, the terms of such additional debt could further restrict our operating and financial flexibility.

Our ability to use net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments may be limited by provisions of the Internal Revenue Code, and may be subject to further limitation as a result of the transactions contemplated by this offering.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its equity ownership over a three year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We believe that, as a result of this offering, our preferred stock financings and other transactions, we have experienced, or may upon completion of this offering experience, an "ownership change." We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As of December 31, 2013, we had federal and state net operating loss carryforwards of approximately $10.9 million and $9.8 million, respectively, and federal and state research and development credits of approximately $233,000 and $25,000, respectively, which could be limited if we experience an "ownership change." Any such limitations would generally be equal to our equity value at the time of the ownership change multiplied by a risk-free rate of return published monthly by the IRS.

Risks Related to Our Common Stock and this Offering

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. Although we anticipate that our common stock will be approved for listing on The Nasdaq Capital Market, an active trading market for our shares may never develop or be sustained following this offering. If the market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you or at all. In addition, an inactive market may impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration, which, in turn, could materially adversely affect our business.

The trading price of the shares of our common stock could be highly volatile, and purchasers of our common stock could incur substantial losses.

Our stock price is likely to be volatile. The stock market in general and the market for biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the initial public offering price. The market price for our common stock may be influenced by many factors, including:

- our ability to enroll patients in our planned clinical trials;
- results of the clinical trials, and the results of trials of our competitors or those of other companies in our market sector;

- regulatory developments in the United States and foreign countries;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems, especially in light of current reforms to the United States healthcare system;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- market conditions in the pharmaceutical and biotechnology sectors and issuance of securities analysts' reports or recommendations;
- sales of our stock by insiders and 5% stockholders;
- trading volume of our common stock;
- general economic, industry and market conditions other events or factors, many of which are beyond our control;
- additions or departures of key personnel; and
- intellectual property, product liability or other litigation against us.

In addition, in the past, stockholders have initiated class action lawsuits against biotechnology and pharmaceutical companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources, which could have a material adverse effect on our business, financial condition and results of operations.

Our quarterly operating results may fluctuate significantly.

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

- variations in the level of expenses related to our clinical trial and development programs;
- addition or termination of clinical trials;
- any intellectual property infringement lawsuit in which we may become involved;
- regulatory developments affecting NS2 and our other product candidates;
- our execution of any collaborative, licensing or similar arrangements, and the timing of payments we may make or receive under these arrangements;
- nature and terms of stock-based compensation grants; and
- derivative instruments recorded at fair value.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

The NASDAQ Capital Market may not list our common stock, which could limit investors' ability to make transactions in our common stock and subject us to additional trading restrictions.

We have applied for listing of our stock on The NASDAQ Capital Market, a national securities exchange, upon consummation of this offering. We can give no assurances regarding the acceptance of such listing. Although, after giving

effect to this offering, we expect to meet, on a pro forma basis, The NASDAQ Capital Market's minimum initial listing standards, which generally mandate that we meet certain requirements relating to stockholders' equity, market capitalization, aggregate market value of publicly held shares and distribution requirements, we cannot assure you that we will be able to meet those initial listing requirements. If The NASDAQ Capital Market does not list our common stock for trading on its exchange, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our common stock;
- reduced liquidity with respect to our common stock;
- a determination that our shares of common stock are "penny stock" which will require brokers trading in our shares of common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our shares of common stock;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Assuming our common stock will be listed on The NASDAQ Capital Market, our common stock will be covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if we were no longer listed on The NASDAQ Capital Market, our common stock would not be covered securities and we would be subject to regulation in each state in which we offer our securities.

Our failure to meet the continued listing requirements of The NASDAQ Capital Market could result in a delisting of our common stock.

If after listing we fail to satisfy the continued listing requirements of The NASDAQ Capital Market, such as the corporate governance requirements or the minimum closing bid price requirement, NASDAQ may take steps to de-list our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we would expect to take actions to restore our compliance with NASDAQ's listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ's listing requirements.

If our shares become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not obtain or retain a listing on The NASDAQ Capital Market and if the price of our common stock is less than $5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

We may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your

investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. We expect to use the net proceeds from this offering to fund our planned clinical trials of NS2, development of other molecules that may relate to our aldehyde trapping platform, and the remainder for working capital and other general corporate purposes. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

You will suffer immediate and substantial dilution in the net tangible book value of the common stock you purchase.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock immediately after the completion of this offering. Purchasers of common stock in this offering will experience immediate dilution of approximately $7.59 per share in net tangible book value of the common stock assuming an initial public offering price of $11.00 per share, the midpoint of the range set forth on the cover of this prospectus. In the past, we issued options and warrants to acquire common stock at prices significantly below the initial public offering price. To the extent these outstanding options and warrants are ultimately exercised, investors purchasing common stock in this offering will sustain further dilution. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

Because a small number of our existing stockholders own a majority of our voting stock, your ability to influence corporate matters will be limited.

Following the completion of this offering, our executive officers, directors and greater than 5% stockholders, in the aggregate, will own approximately 61.2% of our outstanding common stock. As a result, such persons, acting together, will have the ability to control our management and affairs and substantially all matters submitted to our stockholders for approval, including the election and removal of directors and approval of any significant transaction. These persons will also have the ability to control our management and business affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may delay or prevent an acquisition of us or a change in our management. These provisions include:

- authorizing the issuance of “blank check” preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- limiting the removal of directors by the stockholders;
- creating a staggered board of directors;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders;
- permitting our board of directors to accelerate the vesting of outstanding option grants upon certain transactions that result in a change of control; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us. Although we believe these provisions collectively provide for an opportunity to obtain greater value for stockholders by requiring potential acquirors to negotiate with our board of directors, they would apply even if an offer rejected by our board were considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividend on our common stock and do not currently intend to do so for the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our loan and security agreement with Square 1 Bank currently prohibits us from paying dividends on our equity securities, and any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Any return to stockholders will therefore be limited to the appreciation of their stock. Therefore, the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could significantly reduce the market price of our common stock and impair our ability to raise adequate capital through the sale of additional equity securities.

Based on shares of common stock outstanding as of December 31, 2013, upon the closing of this offering, we will have outstanding a total of 5,970,164 shares of common stock after this offering, assuming no exercise of the underwriters' overallotment option and no exercise of outstanding options and warrants. Of these shares, only the 2,000,000 shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' overallotment option, will be freely tradable without restriction in the public market immediately following this offering. Aegis Capital Corp., however, may, in its sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

We expect that the lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. After the lock-up agreements expire, up to an additional 3,970,164 shares of common stock will be eligible for sale in the public market of which 3,655,746 shares are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. In addition, 1,234,842 shares of common stock that are either subject to outstanding options or reserved for future issuance under our employee benefit plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

After this offering, the holders of 3,642,799 shares of our outstanding common stock, or approximately 61.0% of our total outstanding common stock as of December 31, 2013, will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up agreements described above. See "Description of Capital Stock —Registration Rights." Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

In addition, we are registering the 80,000 shares of our common stock underlying the warrants to be issued to the representative of the underwriters in connection with this offering as described in the "Underwriting—Representative's Warrants" section of this prospectus.

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

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if we become a large accelerated filer, if we have total annual gross revenue of $1.0 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31 or, if we issue more than $1.0 billion in non-convertible debt during any three year period before that time, we would cease to be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which will require, among other things, that we file with the Securities and Exchange Commission, or the SEC, annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC, and The NASDAQ Capital Market to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas such as "say on pay" and proxy access. Recent legislation permits smaller "emerging growth companies" to implement many of these requirements over a longer period and up to five years from the pricing of this offering. We intend to take advantage of this new legislation but cannot guarantee that we will not be required to implement these requirements sooner than budgeted or planned and thereby incur unexpected expenses. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, investors' views of us and, as a result, the value of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management will be required to report upon the effectiveness of our internal control over financial reporting. When and if we are a "large accelerated filer" or an "accelerated filer" and are no longer an "emerging growth company," each as defined in the Exchange Act, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. However, for so long as we remain an emerging growth company, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404. Once we are no longer an emerging growth company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal controls over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we need to upgrade our systems including information technology; implement additional financial and management controls, reporting systems, and procedures; and hire additional accounting and finance staff.

Historically, we have not had sufficient accounting and supervisory personnel with the appropriate level of technical accounting experience and training necessary or adequate formally documented accounting policies and procedures to support, effective internal controls. We have identified a material weakness (as defined under the Exchange Act definition of internal controls over financial reporting) in the design and operation of our internal controls over financial reporting for non-routine complex transactions, stock-based compensation transactions, and the disclosure requirements relating to these transactions. Under the Exchange Act, a material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls. Specifically, as neither of our employees are accountants or have served as corporate financial or accounting officers, our internal controls over the accounting and financial reporting of non-routine complex transactions and stock-based compensation transactions did not meet all standards applicable to companies with publicly traded securities. We have commenced the process of formally documenting, reviewing, and improving our internal controls over financial reporting and have made efforts to improve our internal controls and accounting policies and procedures, including plans to hire new accounting personnel and engage external temporary resources. However, we may identify deficiencies and weaknesses or fail to remediate previously identified deficiencies in our internal controls. If material weaknesses or deficiencies in our internal controls exist and go undetected or unremediated, our financial statements could contain material misstatements that, when discovered in the future, could cause us to fail to meet our future reporting obligations and cause the price of our common stock to decline.

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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to regularly publish reports on us, interest in our stock could decrease, which could cause our stock price or trading volume to decline.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are contained principally in "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "anticipate," "project," "target," "design," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the timing and success of preclinical studies and clinical trials conducted by us and our development partners;
- the ability to obtain and maintain regulatory approval of our product candidates, and the labeling for any approved products;
- the scope, progress, expansion, and costs of developing and commercializing our product candidates;
- the size and growth of the potential markets for our product candidates and the ability to serve those markets;
- our expectations regarding our expenses and revenue, the sufficiency of our cash resources and needs for additional financing;
- the rate and degree of market acceptance of any of our product candidates;
- our expectations regarding competition;
- our anticipated growth strategies;
- our ability to attract or retain key personnel;
- our ability to establish and maintain development partnerships;
- our expectations regarding federal, state and foreign regulatory requirements;
- regulatory developments in the United States and foreign countries;
- our ability to obtain and maintain intellectual property protection for our product candidates;
- the anticipated trends and challenges in our business and the market in which we operate; and
- our use of proceeds from this offering.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update these statements publicly, or to update the reasons actual results could differ materially from those anticipated in these statements, even if new information becomes available in the future.

We discuss many of these risks in this prospectus in greater detail under the heading "Risk Factors." Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus.

Unless required by United States federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the common stock that we are offering will be approximately $19.1 million, assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range listed on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares in this offering is exercised in full, we estimate our net proceeds will be approximately $22.1 million. Each $1.00 increase (decrease) in the assumed initial public offering price of $11.00 per share would increase (decrease) the net proceeds to us from this offering by approximately $1.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $10.1 million, assuming the assumed initial public offering price stays the same.

The principal purposes of this offering are to obtain additional capital to support our operations, create a public market for our common stock, facilitate our future access to the public equity markets and increase our visibility in our markets. We intend to use approximately $10.0 million of the net proceeds of this offering for research and development activities for NS2, including our currently planned clinical trials of NS2 and development of other molecules that may relate to our aldehyde trapping platform, and the remainder for working capital and other general corporate purposes. We believe that our anticipated research and development expenditures will be sufficient to complete the five clinical trials described in this prospectus, and we believe that each clinical trial will require between $1.0 million to $2.0 million to complete. We may also use a portion of the net proceeds to in-license, acquire or invest in complementary businesses or products; however, we have no current commitments or obligations to do so. Pending use of the proceeds as described above, we intend to invest the net proceeds of this offering in short-term, interest-bearing, investment-grade securities or certificates of deposit.

We believe that the expected net proceeds from this offering and our existing cash and cash equivalents, together with interest thereon, will be sufficient to fund our operations through at least the next two years, although we cannot assure you that this will occur.

The amounts and timing of our actual expenditures will depend on numerous factors, including the progress of our clinical trials and other development efforts for NS2 and related drug candidates, as well as the amount of cash used in our operations. We therefore cannot estimate the actual amount of net proceeds to be used for the purposes described above. We may find it necessary or advisable to use the net proceeds for other purposes, and we will have broad discretion in the application of the net proceeds and investors will be relying on the judgment of our management regarding the application of the net proceeds from this offering.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain future earnings, if any, and all currently available funds for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, unless waived, the terms of our loan and security agreement with Square 1 Bank do not allow us to pay cash dividends. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in our current or future financing instruments.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2013 as follows:

- on an actual basis;
- on a pro forma basis to reflect (1) the automatic conversion of all outstanding shares of our Series A convertible preferred stock and Series B convertible preferred stock into 3,642,799 shares of our common stock prior to the closing of this offering, (2) assuming an initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, the net exercise of our outstanding warrants to purchase Series A convertible preferred stock and Series B convertible preferred stock and the subsequent automatic conversion of such shares of convertible preferred stock into common stock and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related to parties totaling $3,518,867 to additional paid-in capital, a component of stockholders' equity (deficit), and (3) the filing of our amended and restated certificate of incorporation immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of 2,000,000 shares of common stock in this offering at an assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other financial information contained in this prospectus.

	As of December 31, 2013		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted(1) (unaudited)
Balance Sheet Data:			
Cash and cash equivalents	$ 3,262,354	$ 3,262,354	$ 22,352,354
Credit facility (net of discount)	1,187,175	1,187,175	1,187,175
Convertible preferred stock warrant liability	79,808	-	-
Convertible preferred stock warrant liabilities – related parties	3,439,059	-	-
Redeemable convertible preferred stock:			
Series A Preferred Stock, $0.001 par value, 24,000,000 shares authorized; 980,391 shares issued and outstanding (Liquidation preference of $36,000,000) actual; no shares authorized, no shares issued and outstanding pro forma and pro forma as adjusted	29,291,865	-	-
Series B Preferred Stock, $0.001 par value, 38,000,000 shares authorized; 1,316,681 shares issued and outstanding (Liquidation preference of $20,377,506) actual; no shares authorized, no shares issued and outstanding pro forma and pro forma as adjusted	9,025,433	-	-
Preferred stock, $0.001 par value, no shares authorized, no shares issued and outstanding, actual; 15,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	-	-	-
Common stock, voting, $0.001 par value; 65,000,000 shares authorized, 327,365 issued and outstanding, actual; 150,000,000 authorized, 4,080,130 issued and outstanding, pro forma; 150,000,000 authorized, 6,080,130 issued and outstanding, pro forma as adjusted	327	4,080	6,080

	As of December 31, 2013		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted(1) (unaudited)
Common stock, non-voting, $0.001 par value; 65,000,000 shares authorized, no shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	-	-	-
Additional paid-in capital	1,102,685	42,935,097	62,023,097
Deficit accumulated during the development stage	(41,324,338)	(41,324,338)	(41,324,338)
Total stockholders' equity (deficit)	(40,221,326)	1,614,839	20,704,839
Total Capitalization	$ 2,802,014	$ 2,802,013	$ 21,892,014

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total stockholders' equity (deficit) and total capitalization by approximately $1.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total stockholders' equity (deficit) and total capitalization by approximately $10.1 million.

The number of shares of our common stock in the table above excludes:

- 609,842 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2013, at a weighted-average exercise price of $1.4795 per share;
- 14,649 shares of common stock reserved for issuance under our 2010 equity incentive plan as of December 31, 2013;
- 625,000 shares of our common stock reserved for future issuance under our 2013 equity incentive plan, or the 2013 plan, which became effective in October 2013 but with respect to which no awards will be granted prior to the effective date of the registration statement of which this prospectus is a part, subject to automatic annual adjustment in accordance with the terms of the plan;
- 80,000 shares of common stock issuable upon exercise of the warrant to be issued to the representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price; and
- 15,454 shares of common stock issuable upon conversion of a convertible promissory note issued in the original principal amount of $170,000 at the public offering price per share assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock after this offering.

As of December 31, 2013, we had a historical net tangible book deficit of $(40.2) million, or $(122.86) per share of common stock. Our historical net tangible book value represents total tangible assets less total liabilities divided by the number of shares of common stock outstanding at December 31, 2013.

On a pro forma basis, after giving effect to the automatic conversion of all outstanding shares of our Series A convertible preferred stock and Series B convertible preferred stock into 3,642,799 shares of our common stock immediately prior to the closing of this offering, the net exercise of currently outstanding warrants to purchase shares of our convertible preferred stock and the subsequent automatic conversion of such shares into shares of our common stock, and the reclassification of our convertible preferred stock warrant liabilities to additional paid-in capital, a component of stockholders' equity (deficit), our pro forma net tangible book value as of December 31, 2013 would have been approximately $1.6 million, or approximately $0.40 per share of our common stock.

After giving further effect to the sale of 2,000,000 shares of common stock that we are offering at an assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2013 would have been approximately $20.7 million, or approximately $3.41 per share. This amount represents an immediate increase in pro forma net tangible book value of $126.27 per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $7.59 per share to new investors purchasing shares of common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution:

Assumed initial public offering price per share		$ 11.00
Historical net tangible book value per share as of December 31, 2013	$ (122.86)	
Pro forma increase in historical net tangible book value per share attributable to the pro forma transactions described in preceding paragraphs	123.26	
Pro forma as adjusted net tangible book value per share as of December 31, 2013	0.40	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors giving effect to this offering	3.01	
Pro forma as adjusted net tangible book value per share after giving effect to this offering		3.41
Dilution in pro forma as adjusted net tangible book value per share to new investors		$ 7.59

Each $1.00 increase (decrease) in the assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $0.30, and dilution in pro forma net tangible book value per share to new investors by approximately $0.70, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us. Each increase of 1.0 million shares in the number of shares offered by us would increase our pro forma as adjusted net tangible book value per share after this offering by approximately $0.95 per share and decrease the dilution to investors participating in this offering by approximately $0.95 per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option to purchase 300,000 additional shares of our common stock in full in this offering, the pro forma as adjusted net tangible book value after the offering would be $3.72 per share, the

increase in pro forma net tangible book value per share to existing stockholders would be $0.32 per share and the dilution per share to new investors would be $7.28 per share, in each case assuming an initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of this prospectus.

The following table summarizes on the pro forma as adjusted basis described above, as of December 31, 2013, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing stockholders and new investors paid. The calculation below is based on the assumed initial public offering price of $11.00 per share, the midpoint of the price range listed on the cover page of the prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	4,080,811	67%	$12,571,086	36%	$ 3.08
New investors	2,000,000	33%	22,000,000	64%	
Total	6,080,811	100%	$34,571,086	100%	

The foregoing tables and calculations exclude the following:

- 609,842 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2013, at a weighted-average exercise price of $1.4795 per share;
- 14,649 shares of common stock reserved for issuance under our 2010 equity incentive plan as of December 31, 2013;
- 625,000 shares of our common stock reserved for future issuance under our 2013 equity incentive plan, or the 2013 plan, which became effective in October 2013 but with respect to which no awards will be granted prior to the effective date of the registration statement of which this prospectus is a part, subject to automatic annual adjustment in accordance with the terms of the plan;
- 80,000 shares of common stock issuable upon exercise of the warrant to be issued to the representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price; and
- 15,454 shares of common stock issuable upon conversion of a convertible promissory note issued in the original principal amount of $170,000 at the public offering price per share assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus.

To the extent any of these outstanding options and warrants are exercised and convertible debt converted, there will be further dilution to new investors. If all of such outstanding options and warrants had been exercised and convertible debt converted as of December 31, 2013, the pro forma as adjusted net tangible book value per share after this offering would be $3.08, and total dilution per share to new investors would be $7.92.

If the underwriters exercise their over-allotment option to purchase additional 300,000 shares of our common stock in full in this offering:

- the percentage of shares of common stock held by existing stockholders will decrease to approximately 63.3% of the total number of shares of our common stock outstanding after this offering; and
- the number of shares held by new investors will increase to 2,300,000, or approximately 36.7% of the total number of shares of our common stock outstanding after this offering.

SELECTED FINANCIAL DATA

The following tables set forth selected financial data. We derived the selected statement of operations data for the years ended December 31, 2012 and 2013 and the cumulative period from August 13, 2004 (inception) to December 31, 2013, and the selected balance sheet data as of December 31, 2013 from our audited financial statements and related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for any future period.

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus.

	Years Ended December 31,		Cumulative for the Period from August 13, 2004 (Inception) to December 31, 2013
	2012	2013	
Statements of Operations:			
Operating expenses:			
Research and development (1)	$ 469,270	$ 1,541,681	$ 12,847,149
General and administrative (1)	644,941	2,134,726	6,359,850
Loss from operations	(1,114,211)	(3,676,407)	(19,206,999)
Other income (expenses):			
Change in fair value of preferred stock warrant liabilities	(9,000)	720,785	711,785
Change in fair value of convertible preferred stock rights and rights option liabilities	(125,500)	16,175,386	15,539,486
Value provided in excess of issuance price of Series B convertible preferred stock	(21,484,762)	-	(21,484,762)
Other income	871	-	250,756
Interest income	101	31	188,738
Other expenses	-	-	(42,566)
Interest expense	(342,014)	(159,323)	(989,151)
Total other income (expenses), net	(21,960,304)	16,736,879	(5,825,714)
Net income (loss) and comprehensive income (loss)	(23,074,515)	13,060,472	(25,032,713)
Accretion of issuance costs on preferred stock	(389,487)	(822,550)	(1,936,637)
Allocation of undistributed earnings to preferred stockholders	-	(11,128,012)	(11,128,012)
Deemed dividend to Series A preferred stockholders	(15,661,898)	-	(15,661,898)
Net income (loss) attributable to common stockholders	$ (39,125,900)	$ 1,109,910	$ (53,759,260)
Net income (loss) per share attributable to common stockholders:			
Basic (2)	$ (124.44)	$ 3.49	
Diluted	$ (124.44)	$ (17.58)	
Weighted average common shares outstanding:			
Basic (2)	314,419	318,429	
Diluted	314,419	857,183	
Pro forma net income (loss) per share attributable to common stockholders (unaudited):			
Basic		$ 2.70	
Diluted		$ (0.71)	
Pro forma weighted average common shares outstanding (unaudited)			
Basic		4,071,875	
Diluted		4,412,887	

Footnotes on page 46.

	As of December 31, 2013		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted (unaudited)
Balance Sheet Data:			
Cash and cash equivalents	$ 3,262,354	$ 3,262,354	$ 22,352,354
Working capital	2,665,755	2,665,755	21,755,755
Total assets	3,743,233	3,743,233	22,360,766
Credit facility (net of discount)	1,187,175	1,187,175	1,187,175
Other long-term liabilities	394,368	394,368	-
Convertible preferred stock liabilities	3,518,867	-	-
Redeemable convertible preferred stock	38,317,298	-	-
Total stockholders' equity (deficit)	(40,221,326)	1,614,839	20,704,839

The pro forma column in the balance sheet data table above reflects (1) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 3,642,799 shares of common stock and (2) the issuance of 110,647 shares of common stock upon the net exercise of outstanding warrants to purchase shares of our Series A convertible preferred stock and Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and the subsequent conversion of such shares of convertible preferred stock into shares of common stock and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related parties totaling $3,518,867 to additional paid-in capital, a component of stockholders equity (deficit).

The pro forma as adjusted column in the balance sheet data table above reflects (1) the automatic conversion of all outstanding shares of our convertible preferred stock as of December 31, 2013 into an aggregate of 3,642,799 shares of common stock upon completion of this offering, (2) the issuance of 110,647 shares of common stock upon the net exercise of outstanding warrants to purchase shares of our Series A convertible preferred stock and Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and the subsequent conversion of such shares of convertible preferred stock into shares of common stock and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related parties totaling $3,518,867 to additional paid-in capital, a component of stockholders equity (deficit), and (3) our sale of 2,000,000 shares of common stock in this offering at an assumed initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $11.00 per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity (deficit) by approximately $1.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price of $11.00 per share would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity (deficit) by approximately $10.1 million. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

The following shares are excluded from the above calculations:

- 609,842 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2013, at a weighted-average exercise price of $1.4795 per share;
- 14,649 shares of common stock reserved for issuance under our 2010 equity incentive plan as of December 31, 2013;
- 625,000 shares of our common stock reserved for future issuance under our 2013 equity incentive plan, or the 2013 plan, which became effective in October 2013 but with respect to which no awards will be granted prior to the effective date of the registration statement of which this prospectus is a part, subject to automatic annual adjustment in accordance with the terms of the plan;

- 80,000 shares of common stock issuable upon exercise of the warrant to be issued to the representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price; and
- 15,454 shares of common stock issuable upon conversion of a convertible promissory note issued in the original principal amount of $170,000 at the public offering price per share assuming an initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus.

Footnotes from page 44:

(1) Includes stock-based compensation expense related to options granted to employees and others as follows:

	Year Ended	
	December 31, 2012	December 31, 2013
Research and development	$ 79,415	$ 481,598
General and administrative	4,986	1,220,115
Total	$ 84,401	$ 1,701,713

(2) Please see Notes 2 and 3 to our financial statements included elsewhere in this prospectus for an explanation of the method used to calculate our actual and pro forma basic and diluted net income (loss) per share attributable to common stockholders, and for the weighted-average number of shares used in the computation of per share amounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the "Summary Financial Data" and our financial statements and notes thereto appearing elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, including those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

We are a biotechnology company focused primarily on the development of products to treat immune-mediated, inflammatory, orphan, and other diseases that are related to free aldehydes, a naturally occurring toxic chemical species. We discovered and are developing NS2, a novel product candidate that is designed to trap and allow for the disposal of free aldehydes, for the treatment of the following diseases: Sjögren-Larsson Syndrome (SLS), a rare disease caused by mutations in an enzyme that metabolizes fatty aldehydes; discoid lupus, an autoimmune condition that affects skin; acute anterior uveitis, an inflammatory eye disease; and ocular rosacea with meibomian gland dysfunction, an eye disease associated with rosacea, an inflammatory dermal condition. NS2 has been tested in a variety of *in vitro* and preclinical models, and has demonstrated efficacy in trapping free aldehydes, diminishing inflammation, reducing healing time, protecting key cellular constituents from aldehyde damage, and lowering the potential for scarring or fibrosis. NS2 has completed a variety of toxicity studies in animals and appears generally safe and well-tolerated. We are also developing aldehyde traps different from NS2 that have the potential to treat diseases other than those described above.

We have evaluated NS2 in a Phase I clinical trial in 48 healthy volunteers where NS2 was observed to be safe and well tolerated when administered as an eye drop up to four times per day over seven days. In 2014, we plan to initiate a Phase II/III clinical trial in SLS, and Phase II trials in discoid lupus, acute anterior uveitis, and ocular rosacea with meibomian gland dysfunction. In addition, we plan to initiate a Phase I clinical trial of NS2 administered orally to healthy volunteers. Data from all of these clinical trials are currently expected to be available in the second half of 2015.

We have no products approved for sale, and we have not generated any revenue from product sales or other arrangements. We have primarily funded our operations through the sale of our convertible preferred stock, common stock, convertible promissory notes and borrowings under our loan and security agreements. We have incurred losses, before non-cash income adjustment, in each year since our inception. Our net loss was approximately $23.1 million for the year ended December 31, 2012, and net income was $13.1 million for the year ended December 31, 2013, which includes a non-cash income adjustment of $16.2 million related to the change in fair value of our derivative instrument liabilities. As of December 31, 2013, we had an accumulated deficit of approximately $41.3 million. Substantially all of our operating losses resulted from expenses incurred in connection with advancing NS2 through development activities and general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years.

Financial Operations Overview

Research and Development Expenses

We expense all research and development expenses as they are incurred. Research and development expenses primarily include:

- non-clinical development, preclinical research, and clinical trial and regulatory-related costs;
- expenses incurred under agreements with sites and consultants that conduct our clinical trials;
- expenses related to generating, filing, and maintaining intellectual property; and
- employee-related expenses, including salaries, benefits, travel and stock-based compensation expense.

Substantially all of our research and development expenses to date have been incurred in connection with NS2. We expect our research and development expenses to increase for the foreseeable future as we advance NS2 through clinical

development, including the conduct of our planned clinical trials. The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We are unable to estimate with any certainty the costs we will incur in the continued development of NS2. However, we currently estimate the costs to complete our clinical trials and other research and development described in this prospectus will be approximately $10.0 million. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We may never succeed in achieving marketing approval for our product candidate.

The costs of clinical trials may vary significantly over the life of a project owing to, but not limited to, the following:

- per patient trial costs;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the cost of comparative agents used in trials;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up; and
- the efficacy and safety profile of the product candidate.

We do not expect NS2 to be commercially available, if at all, for the next several years.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation. Our general and administrative expenses consisted primarily of payroll expenses for our full-time employees during the two-year period ended December 31, 2013. Other general and administrative expenses include professional fees for auditing, tax, patent costs and legal services.

We expect that general and administrative expenses will increase in the future as we expand our operating activities and incur additional costs associated with being a publicly-traded company and maintaining compliance with exchange listing and Securities and Exchange Commission requirements. These increases will likely include higher consulting costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and fees associated with investor relations.

Total Other Income (Expense)

Total other income (expense) consists primarily of interest income we earn on interest-bearing accounts, interest expense incurred on our outstanding debt and changes in the fair value of our derivative liabilities.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with generally accepted accounting principles in the United States (US GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the expenses during the reporting periods. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ materially from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our financial statements appearing elsewhere in this prospectus, we believe that the following accounting policies are the most critical for fully understanding and evaluating our financial condition and results of operations.

Accrued Research and Development Expenses

As part of the process of preparing financial statements, we are required to estimate and accrue research and development expenses. This process involves the following:

- communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual cost;
- estimating and accruing expenses in our financial statements as of each balance sheet date based on facts and circumstances known to us at the time; and
- periodically confirming the accuracy of our estimates with selected service providers and making adjustments, if necessary.

Examples of estimated research and development expenses that we accrue include:

- fees paid to investigative sites in connection with clinical studies;
- fees paid to contract manufacturing organizations in connection with non-clinical development, preclinical research, and the production of clinical study materials; and
- professional service fees for consulting and related services.

We base our expense accruals related to non-clinical development, preclinical studies, and clinical trials on our estimates of the services received and efforts expended pursuant to contracts with organizations/consultants that conduct and manage clinical studies on our behalf. The financial terms of these agreements vary from contract to contract and may result in uneven payment flows. Payments under some of these contracts may depend on many factors, such as the successful enrollment of patients, site initiation and the completion of clinical study milestones. Our service providers invoice us monthly in arrears for services performed. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If we do not identify costs that we have begun to incur or if we underestimate or overestimate the level of services performed or the costs of these services, our actual expenses could differ from our estimates. To date, we have not experienced significant changes in our estimates of accrued research and development expenses after a reporting period. However, due to the nature of estimates, we cannot assure you that we will not make changes to our estimates in the future as we become aware of additional information about the status or conduct of our clinical studies and other research activities.

Stock-Based Compensation

Stock-based compensation expense represents the grant date fair value of restricted stock awards and stock option grants, the latter being recognized over the requisite service period of the awards (usually the vesting period) on a straight-line basis, net of estimated forfeitures. For stock option grants with performance-based milestones, the expense is recorded over the remaining service period after the point when the achievement of the milestone is probable or the performance condition has been achieved. We generally estimate the fair value of stock option grants using the Black-Scholes option pricing model. If vesting is based on performance-related milestones, we adjust the Black-Scholes results by the probability that we believe those milestones will be achieved. If vesting is based on market-based milestones, we perform Monte Carlo simulations to estimate the timing and number of shares that are most likely to vest. We account for stock options to non-employees using the fair value approach. Stock options to non-employees are subject to periodic revaluation over their vesting terms.

We generally estimate the fair value of our stock-based awards to employees and non-employees using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including (a) the risk-free interest rate, (b) the expected volatility of our stock, (c) the expected term of the award and (d) the expected dividend yield. Due to the lack of a public market for the trading of our common stock and a lack of company specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. For these analyses, we have selected companies with comparable characteristics to ours including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. We compute the historical volatility data using the daily closing prices for the selected companies' shares over approximately the past four years. The resulting volatility estimate was 89%, and we have employed this value

throughout our calculations. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available. We have estimated the expected life of our employee stock options using the "simplified" method, whereby, the expected life equals the average of the vesting term and the original contractual term of the option. The risk-free interest rates for periods within the expected life of the option are based on the yields of zero-coupon United States Treasury securities.

The assumptions used in the Black-Scholes option pricing model to determine the fair value of employee stock option grants in 2012 and 2013 were as follows (no employee stock options were granted in 2011):

	December 31, 2012	December 31, 2013
Expected dividend yield	0%	0%
Anticipated volatility	88.57%	88.57%
Estimated stock price	$3.24 - $14.64	$10.56 - $11.03
Expected life (years)	7.24	5.47 - 7.85
Risk free interest rate	1.24% - 2.23%	1.71% - 2.34%

The following table summarizes by grant date the number of shares of common stock underlying stock options granted from January 1, 2012 through December 31, 2013, as well as the associated per share exercise price and the estimated fair value per share of our common stock on the grant date:

Grant Dates	Number of Common Shares Underlying Options Granted	Exercise Price per Common Share	Estimated Fair Value per Common Share
June 22, 2012	28,695	$ 3.24	$ 3.24
September 8, 2013 (1)	446,568	$ 0.552	$ 0.552(2)
October 30, 2013	96,042	$ 4.56	$ 4.56(3)

(1) Our board of directors approved the grant of options to purchase 300,147 shares of common stock on June 21, 2013 at an exercise price of $3.24 per share (the "June Options") which our board of directors for various business reasons subsequently determined not to issue. On September 8, 2013, our board of directors approved the grant of options to purchase an aggregate of 446,568 shares of our common stock at an exercise price of $0.552 per share (the "September Options"), which were subsequently issued. However, under applicable accounting principles, the June Options were deemed to be granted and modified by the grant of the September Options.

(2) Our board of directors determined the fair market value of our common stock as of the date of the grant of the September Options to be $0.552 per share. However, in connection with our accounting relative to the stage of our IPO strategy (for the reasons and per the techniques described elsewhere in this section), we utilized for the purpose of our financial statements the fair market value of our common stock on June 21, 2013 of $16.68 per share and on September 8, 2013 of $10.56 per share. The fair market value of our common stock declined from June 21, 2013 to September 8, 2013 due to the August 2013 sale of Series B convertible preferred stock that resulted in, among other things, substantial dilution, increased aggregate Series B convertible preferred stock liquidation preference, and a decrease in the conversion price of Series A convertible preferred stock.

(3) Our board of directors determined the fair market value of our common stock as of the date of the grant of the October options to be $4.56 per share. However, in connection with our accounting relative to the stage of our IPO strategy (for the reasons and per the techniques described elsewhere in this section), we utilized for the purpose of our financial statements the fair market value of our common stock on October 30, 2013 of $11.03 per share.

Total stock-based compensation expense related to unvested stock option grants not yet recognized as of December 31, 2013 was approximately $4.8 million and the weighted-average period over which these grants are expected to vest is approximately 3.4 years.

Offering Price Range

In consultation with the underwriters, we determined that our initial public offering price range would be $10.00 to $12.00 per share. We believe the difference between the fair market value of our common stock for the October 2013 grant, as determined by our compensation committee, and the initial public offering price range of $10.00 to $12.00 per share is a result of the following factors:

- the initial public offering price range necessarily assumed that the offering has occurred and a public market for our common stock has been created, and therefore excludes any marketability or illiquidity discount for our common stock, which was appropriately taken into account in our compensation committee's fair value determinations;
- the fact that, if the probability of the IPO scenario (which modeled expected value one-year post IPO) in the probability-weighted expected returns method (PWERM) utilized by our compensation committee to estimate the fair value of our common stock in connection with the October 2013 grant was adjusted to 100% and discounted back to the IPO date at a 25% discount rate (consistent with the discount rate utilized in connection with the September and October 2013 grants), then the PWERM would have calculated a fair market value of our common stock within the initial public offering price range set forth above; and
- differences in the methodologies, assumptions and inputs used in the price range analysis compared to the valuation methodologies, assumptions and inputs used in the valuations considered by the compensation committee.

Based on an assumed initial public offering price of $11.00 per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, the intrinsic value of stock options outstanding as of December 31, 2013 would be approximately $5.8 million.

Determination of the Fair Value of Common Stock

We are required to estimate the fair value of the common stock underlying our stock-based awards when performing fair value calculations. The fair value of the common stock underlying our stock-based awards was determined on each grant date by our board of directors or compensation committee, taking into account input from management and independent third-party valuation analysis. All options to purchase shares of our common stock are intended to be granted with an exercise price per share no less than the fair value per share of our common stock underlying those options on the date of grant, based on the information known to us on the date of grant. In the absence of a public trading market for our common stock, on each grant date we develop an estimate of the fair value of our common stock in order to determine an exercise price for the option grants.

Our board of directors or compensation committee, as applicable, considers various objective and subjective factors, along with input from management, to determine the fair value of our common stock, including:

- contemporaneous valuations prepared by independent third-party valuation specialists, effective as of December 31, 2012, March 31, 2013, June 30, 2013, August 31, 2013, September 8, 2013, September 30, 2013 and October 29, 2013;
- the prices of our convertible preferred stock and warrants sold to investors in arm's length transactions, and the rights, preferences and privileges of our convertible preferred stock as compared to those of our common stock, including the liquidation preferences and participation rights of our convertible preferred stock;
- our results of operations, financial position and the status of research and development efforts and achievement of enterprise milestones;
- the composition of, and changes to, our management team and board of directors;
- the lack of liquidity of our common stock as a private company;
- our stage of development and business strategy and the material risks related to our business and industry;
- the valuation of publicly traded companies in the life sciences and biotechnology sectors, as well as recently completed mergers and acquisitions of peer companies;
- external market conditions affecting the life sciences and biotechnology industry sectors;
- the likelihood of achieving a liquidity event for the holders of our common stock, such as an initial public offering, or IPO, or a sale of our company, given prevailing market conditions; and
- the state of the IPO market for similarly situated privately held biotechnology companies.

There are significant judgments and estimates inherent in the determination of the fair value of our common stock. These judgments and estimates include assumptions regarding our future operating performance, the time to complete an IPO or other liquidity event and the determination of the appropriate valuation methods. If we had made different assumptions, our stock-based compensation expense, net loss and net loss per common share could have been significantly different.

Common Stock Valuation Methodologies

Our valuations were prepared in accordance with several valuation approaches for setting the value of an enterprise, such as the cost, income and market approaches, and various methodologies for allocating the value of an enterprise to its common stock. The cost approach establishes the value of an enterprise based on the cost of reproducing or replacing the property less depreciation and functional or economic obsolescence, if present. The income approach establishes the value of an enterprise based on the present value of future cash flows that are reasonably reflective of our company's future operations, discounting to the present value with an appropriate risk adjusted discount rate or capitalization rate. The market approach is based on the assumption that the value of an asset is equal to the value of a substitute asset with the same characteristics. The following market approaches were utilized in our various valuations:

- Guideline public company method. The guideline public company market approach estimates the value of a business by comparing a company to similar publicly-traded companies.
- Guideline transaction method. The guideline transaction market approach estimates the value of a business based on valuations from selected mergers and acquisitions transactions for companies with similar characteristics.
- Precedent transaction method. The precedent transaction market approach estimates the value of a business based on the utilization of a company's own relevant stock transactions.

Each valuation methodology was considered in our valuations. We elected not to utilize the cost approach in any of our valuations since our value relates primarily to our intangible assets.

Common Stock Valuation Methodologies Employed Prior to September 30, 2013

On October 23, 2008 and on August 31, 2013, common stock valuation reports were issued by independent valuation firms. Together, the reports summarize a multitude of valuation approaches, including, but not limited to, techniques that employ:

- The Option Pricing Method (as described below)
- Book Value
- Dissolution Value
- Market Comparables
- Discounted Cash Flow

June 22, 2012 Grant

On June 22, 2012, our board of directors determined that the fair value of our common stock was $3.24 per share in connection with the grant of stock options. This valuation was based in part on a valuation report from an independent third-party specialist, dated October 23, 2008, that employed the option pricing method to value our common stock. It was determined that the option pricing method was the most reliable given the expectation of various potential liquidity outcomes and the difficulty of selecting and supporting appropriate enterprise values given our early stage of development and financial position. The calculation of the fair value of our common stock included a discount for lack of marketability, or DLOM, of 15% based on several empirical restricted stock studies and mathematical models for calculating illiquidity discounts. Because the enterprise value was established relative to the sale price of an illiquid security, the DLOM reflected only an incremental discount for lack of marketability attributed to the illiquidity of the common stock relative to that of the Series A convertible preferred stock.

Despite that the October 2008 valuation report was not contemporaneous, the determination was made by our board of directors that, since the date of the report and the issuance of the options on June 22, 2012, the fair value of our common stock had remained the same since the intervening events in the company, when considered in aggregate, had resulted in neither an increase nor a decrease in common stock value. In addition, at the time of the grant, given that the company had significantly curtailed operating expenses due to the requirement of significant funding within six months to maintain

operations, and given that and no financing opportunities were apparent, our board of directors considered that $3.24 likely represented the upper bound of the fair value of our common stock and thus was a conservative estimate of fair value.

September 8, 2013 Grant

Subsequent to the June 2012 grant, we sold an aggregate of 1,316,681 shares of Series B convertible preferred stock for $5.159 per share and warrants to purchase an additional 193,842 shares of our Series B convertible preferred stock. The sale of Series B convertible preferred stock resulted in substantial dilution and the triggering of, among other things, anti-dilution protection for preferred shares, a lower conversion price for our Series A convertible preferred stock, an increased liquidation preference for preferred shares, and full participation rights for preferred shares. On August 31, 2013, a valuation report from an independent third-party valuation specialist was issued that considered a variety of methodologies to value our common stock, including techniques that employed analyses of the inferiority of common shares relative to preferred shares, book value, liquidation value, discounted cash flows, and market comparables. The report concluded that the fair value of our common stock was $0.552 per share as of August 31, 2013. Based on the results of the report, on September 8, 2013, our board of directors per our 2010 Employee, Director, and Consultant Equity Incentive Plan approved the grant of options to purchase an aggregate of 446,568 shares of our common stock at an exercise price of $0.552 per share and determined in good faith that the fair value of our common stock was $0.552 per share on such date.(1)

In determining fair value of our common stock relative to our preferred stock, the valuation specialist considered minority representation, lack of board of directors and voting control, inferior dividend preferences, inferior liquidation preferences, inferior registration rights, inferior protective provisions, lack of anti-dilution provisions, lack of pre-emptive rights, and inferior information rights. Comparable public companies were selected from twelve biotechnology companies with indications similar to our indications, and both market values and enterprise values were considered. Discounted cash flows were based on a net present value model of our lead drug provided by management; the model was risk-adjusted based on industry drug development success rates, and cash flow was discounted at 25% to account for competition, the need to raise further capital, marketing execution risk, post-marketing litigation, and other risks inherent in commercialization of novel drugs. At the time of the report, the valuation specialist noted, among other things, that we were exploring the possibility of an IPO, but considered an adjustment to the fair value of our common stock not warranted for the following reasons: there were no IPO-related documents in effect; listing on a major stock exchange may require an increase in valuation that the market might not support; the then-contemplated financing size would not be sufficient to effect mandatory conversion of preferred shares to common shares; and the developmental stage of our technology was earlier than that of most companies in our industry that are able to effect an IPO.

Common Stock Valuation Methodologies Employed Subsequent to September 30, 2013

Subsequent to September 30, 2013, in connection with our accounting relative to our IPO strategy, we performed various valuations for dates ranging from December 2012 to December 2013. Since inception, we have issued shares of our Series A convertible preferred stock and Series B convertible preferred stock, warrants to purchase shares of our Series A convertible preferred stock and Series B convertible preferred stock, and options to purchase shares of common stock. The investors that purchased our Series A convertible preferred stock and Series B convertible preferred stock were granted rights to invest additional capital at defined prices, and, in the case of the initial purchasers of our Series B convertible preferred stock, such rights included 25% warrant coverage. As a result of the Series B preferred investment, Series A preferred stockholders gained certain rights that we have valued, including the increased liquidation preference, full participation rights, and so-called full ratchet anti-dilution protection. In order to establish a consistent series of values to account for the issuances of preferred stock, the right to purchase additional preferred stock, options to purchase common stock, warrant coverage associated with the right to purchase additional preferred stock, warrants to purchase preferred stock, and the benefit that the

(1) Our board of directors approved the grant of options to purchase 300,147 shares of common stock on June 21, 2013 at an exercise price of $3.24 per share (the “June Options”) which our board of directors for various business reasons subsequently determined not to issue. On September 8, 2013, our board of directors approved the grant of options to purchase an aggregate of 446,568 shares of our common stock at an exercise price of $0.552 per share (the “September Options”), which were subsequently issued. However, under applicable accounting principles, the June Options were deemed to be granted and modified by the grant of the September Options. Per our 2010 Employee, Director, and Consultant Equity Incentive Plan, our board of directors determined in good faith the fair market value of our common stock as of the date of the grant of the September Options to be $0.552 per share. In connection with our accounting relative to the stage of our IPO strategy and for the reasons and per the techniques described elsewhere in this section, we utilized for the purposes of our financial statements the fair market value of our common stock on June 21, 2013 of $16.68 per share and on September 8, 2013 of $10.56 per share.

holders of Series A convertible preferred stock derived from the Series B convertible preferred stock financing, we have employed the option pricing method as well as the probability-weighted expected returns method (PWERM) to estimate the fair value of our common and preferred stock, purchase rights, options, and warrants at various dates. Under the option pricing method, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The values of the preferred and common stock are inferred by analyzing these options. The enterprise values used for the option pricing method were derived from the discounted cash flow model described above. The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class.

For valuations for dates prior to August of 2013, the option pricing method was exclusively utilized to allocate the enterprise value to our common stock. It was determined that the option pricing method was the most reliable given the expectation of various potential liquidity outcomes and the difficulty of selecting and supporting appropriate enterprise values given our early stage of development and financial position. Because defined liquidity events were deemed to be more reliably assessable at subsequent dates, we utilized an average of option pricing methodology and PWERM analyses, weighted equally.

Accordingly, as part of our valuation of the fair value of our common stock as of September 30, 2013, for example, we utilized the PWERM with the following probability-weighted liquidity event scenarios:

Scenario	**Weighting**
IPO using Guideline Public Company Market Approach	55%
Merger or Sale using Guideline Transaction Market Approach	10%
Private Placement using Precedent Transaction Market Approach	25%
No Value to Common	10%
Total	100%

As of September 30, 2013, we had begun preparing for an IPO. However, there continued to be a significant likelihood that an IPO would not be achievable due to our stage of development and market conditions. For the IPO liquidity event scenario, we used pre-money IPO valuations of recent initial public offerings of biotechnology companies, under the guideline public company market approach, to determine our enterprise value and then calculated the common stock value on a fully diluted basis. Using three scenarios of technical success based on market comparables, we then discounted the common stock value to present value using a cost of capital of 25%, based on several empirical studies assessing cost of capital for venture-backed pre-IPO companies. The period of discount was based on the expected timing of the next significant technological milestone.

We also considered the potential of a merger or sale. However, in order to prepare for an IPO, we diverted significant time and resources from ongoing merger or sale efforts. Further, the odds a merger or sale are higher for companies with technology more advanced than ours, and as of September 30, 2013, the probability of achieving an IPO was deemed to be considerably higher. For the merger or sale liquidity event scenario, we used the market approach based on a guideline transaction market approach to determine our enterprise value. The guideline transaction market approach was based on the enterprise price paid in emerging pharmaceutical and biotechnology acquisitions over approximately the past four years, where the enterprise price paid included any contingent consideration after risk-adjustment for success rates in clinical development. We then discounted the common stock value to present value using a cost of capital of 25%, as described above.

We also utilized the no value to common scenario that contemplated circumstances resulting from technical failure or from our inability to raise additional funding in order to sustain operations. For the no value to common scenario, we used an assumed liquidation for net asset value to determine our enterprise value. This scenario assumes a liquidation of the business, where our preferred stockholders would recover a portion of their original investment through a sale of our assets, but no value would remain available for distribution to holders of our common stock.

Finally, we utilized a precedent transaction market approach to model a private placement, which was then followed by a merger or sale or liquidation, the odds of each were equal, reflecting the relative odds of merger or sale and liquidation in the table above. The private placement was estimated to occur on terms representative of recent discussions as relayed by our

management. The fact that such discussions had occurred suggested to us that the probability of a private placement was higher than either merger or sale or liquidation. The same values for merger or sale or liquidation outcome described above were employed in this model, and we then discounted the common stock value to present value using a cost of capital of 25%, as described above.

To determine the fair value of our common stock, a DLOM of 30% was used in all merger or sale and IPO scenarios based on several empirical restricted stock studies and mathematical models for calculating illiquidity discounts. For all merger or sale and IPO scenarios, we employed varying assumptions in probability modeling that accounted for a portion of lack of marketability, and thus the DLOM reflected an incremental discount for lack of marketability attributed to the illiquidity of the common stock.

October 30, 2013 Grant

On October 29, 2013, a valuation report from an independent third-party valuation specialist was issued that considered a variety of methodologies to value our common stock, including techniques that employed analyses of the inferiority of common shares relative to preferred shares, book value, liquidation value, discounted cash flows, and market comparables. In addition, the PWERM was employed. The report concluded that the fair value of our common stock was $4.56 per share as of October 29, 2013. Based on the results of the report, on October 30, 2013, our Compensation Committee per our 2010 Employee, Director, and Consultant Equity Incentive Plan approved the grant of an option to purchase an aggregate of 96,042 shares of our common stock at an exercise price of $4.56 per share and determined in good faith that the fair value of our common stock was $4.56 per share on such date.

In determining fair value of our common stock relative to our preferred stock, the valuation specialist considered minority representation, lack of board of directors and voting control, inferior dividend preferences, inferior liquidation preferences, inferior registration rights, inferior protective provisions, lack of anti-dilution provisions, lack of pre-emptive rights, and inferior information rights. Book value was considered with and without liquidation preferences. Comparable public companies were selected from twelve biotechnology companies with indications similar to our indications, and both market values and enterprise values were considered. Discounted cash flows were based on a net present value model of our lead drug provided by management; the model was risk-adjusted based on industry drug development success rates, and cash flow was discounted at 25% to account for competition, the need to raise further capital, marketing execution risk, post-marketing litigation, and other risks inherent in commercialization of novel drugs.

The PWERM was utilized as described above, with the following probability-weighted liquidity event scenarios:

Scenario	Weighting
IPO using Guideline Public Company Market Approach	60%
Merger or Sale using Guideline Transaction Market Approach	5%
Private Placement using Precedent Transaction Market Approach	20%
No Value to Common	15%
Total	100%

Minor changes in the PWERM scenario weightings were made relative to the weightings of the September 30, 2013 PWERM. The probability of an IPO increased from 55% to 60% given the progress made in preparing for the filing of a confidential draft registration statement and in other activities requisite for an IPO. Because of resources diverted from achieving technical milestones and merger and sale-related activities, the probability of a merger or sale decreased from 10% to 5%. Due to an increased IPO weighting, private placement odds were decreased from 25% to 20%. Finally, as the probabilities of merger or sale and private placement decreased, and the dependence on an IPO increased, the odds of liquidation resulting in no value to common increased from 10% to 15%.

Warrant Liability. Freestanding warrants for the purchase of convertible preferred stock that is either subject to a put right or redeemable are classified as liabilities on the balance sheet at their estimated fair value. At the end of each reporting period, changes in estimated fair value during the period are recorded as a component of other income (expense). As of December 31, 2012 we had outstanding warrants exercisable to purchase 2,042 shares of our Series A convertible preferred stock and 96,921 shares of our Series B convertible preferred stock and as of December 31, 2013, we had outstanding warrants exercisable to purchase 2,042 shares of our Series A convertible preferred stock and 203,534 shares of our Series B convertible preferred stock. We estimate the fair values of the convertible preferred stock warrants using the Black-Scholes

option pricing model based on inputs as of the valuation measurement dates for the estimated fair value of the underlying convertible preferred stock, the remaining contractual terms of the warrants, risk-free interest rates, expected dividend rates and the estimated volatility of the price of the convertible preferred stock. Since these warrants are subject to liability treatment, they will be re-valued using the Black-Scholes option pricing model as of each future reporting period until they are no longer subject to liability accounting. We have entered into an agreement with the warrant holders whereby such holders have agreed to net exercise the warrants effective and contingent upon the consummation of this offering.

The following assumptions were used in the Black-Scholes option pricing model to determine the fair value of the preferred stock warrant liability for warrants to purchase shares of Series A convertible preferred stock, which expire 7 years from the date of grant and were issued on April 12, 2012 (there were no warrants to purchase shares of Series A convertible preferred stock outstanding in 2011):

	Year Ended December 31,	
	2012	**2013**
Assumed Risk-Free Interest Rate	1.0%	1.75%
Assumed Volatility	89%	89%
Remaining Contractual Term in Years	6.3	5.3
Expected Dividend Yield	0.0%	0.0%
Current Price	$48.48	$45.20
Exercise Price	$12.24	$12.24

The following assumptions were used in the Black-Scholes option pricing model to determine the fair value of the preferred stock warrant liability for warrants to purchase shares of Series B convertible preferred stock, which expire 5 years from the date of grant and were issued on December 20, 2012, August 14, 2013 and November 20, 2013:

	Year Ended December 31,	
	2012	**2013**
Assumed Risk-Free Interest Rate	0.7%	0.78% - 2.45%
Assumed Volatility	89%	89%
Remaining Contractual Term in Years	5.0	4.0 - 6.9
Expected Dividend Yield	0.0%	0.0%
Current Price	$25.56	$19.92
Exercise Price	$5.16	$5.16

Series A and Series B Preferred Stock Purchase Rights. As part of both Series A convertible preferred stock and Series B convertible preferred stock financings, investors were granted rights to invest further capital at the same price as the initial investment within finite periods of time. These rights were valued using Black-Scholes methodology, as described above.

The first tranche of our Series A convertible preferred stock financing was invested on June 23, 2008, and at that time investors were given the rights to invest a second tranche of capital: 248,311 shares of Series A convertible preferred stock at $12.24 per share, the same price as the first tranche. The second investment tranche was to be triggered at a financial milestone that, at the time of the grant of the right, was thought to be met in approximately two years. The milestone was met sooner than anticipated at the time of the grant of the right, and the second tranche was triggered on February 1, 2010.

The first tranche of our Series B convertible preferred stock financing was invested on December 20, 2012, and at that time investors were given the right to invest a second tranche of capital: 928,995 shares of Series B convertible preferred stock at $5.16 per share, the same price as the first tranche. In addition, 25% warrant coverage was granted for share purchases in the first and second tranches. A second tranche of capital was invested on August 14, 2013, at which time investors elected to purchase 387,686 shares of Series B convertible preferred stock at $5.16 per share. The right to purchase the remaining 541,308 shares of Series B convertible stock subject to the right expired on October 1, 2013. The following

assumptions were used in the Black-Scholes option pricing model to determine the fair value of the Series B convertible preferred stock purchase right (as described above, there were no such Series B convertible preferred purchase rights outstanding in 2011 or as of December 31, 2013):

	Year Ended December 31, 2012
Assumed Risk-Free Interest Rate	0.1%
Assumed Volatility	89%
Remaining Contractual Term in Years	0.8
Expected Dividend Yield	0.0%
Current Price	$25.56
Exercise Price	$5.16

The Black-Scholes option pricing model was also utilized to value the warrant coverage on the Series B convertible preferred stock purchase rights. For the Black-Scholes calculations, the current share price was the result of the Black-Scholes option pricing model warrant valuations described above, and the exercise price was zero. The following assumptions were used in the Black-Scholes option pricing model to determine the fair value of the warrant coverage on the Series B convertible preferred stock purchase rights (as described above, there were no such Series B purchase rights outstanding in 2011 or as of December 31, 2013):

	Year Ended December 31, 2012
Assumed Risk-Free Interest Rate	0.1%
Assumed Volatility	89%
Remaining Contractual Term in Years	0.8
Expected Dividend Yield	0.0%
Current Price	$22.44
Exercise Price	$0.00

Valuation of Benefit to Series A Convertible Preferred Stockholders as a Result of the Series B Preferred Financing. When the second tranche of the Series B convertible preferred stock financing was completed on December 20, 2012, the rights of the Series A convertible preferred stock were modified as follows: broad-based weighted-average anti-dilution protection was increased to full-ratchet anti-dilution protection; 1x liquidation preference was increased to 3x liquidation preference; and capped (3x purchase price, including liquidation preference) participation rights were increased to full participation rights.

We employed the option pricing method to calculate the fair value of a share of Series A convertible preferred stock on December 20, 2012 before and after the above modifications. The difference between the two values represents the benefit to the Series A convertible preferred stock on a per share basis as a result of the above modifications. It was determined that the option pricing method was the most reliable valuation technique for this purpose given the expectation of various potential liquidity outcomes and the difficulty of selecting and supporting appropriate enterprise values given our early stage of development and financial position. We then discounted the results by a 15% DLOM for preferred shares based on several empirical restricted stock studies and mathematical models for calculating illiquidity discounts. Since some degree of lack of marketability was inherent in our assumptions for the option pricing method, the DLOM reflected an incremental discount for lack of marketability attributed to the illiquidity of the Series A convertible preferred stock.

Other Information

Net Operating Loss Carryforwards

As of December 31, 2013 we have Federal and State income tax net operating loss (“NOL”) carryovers of approximately $10.9 million and $9.8 million, respectively, which will expire at various dates through 2033. As of

December 31, 2013 we have Federal and State tax carryovers of credits for increasing research activities ("R&D tax credits") of approximately $233,000 and $25,000, respectively, which will expire at various dates through 2033.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its equity ownership over a three year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company believes it underwent a change in ownership during 2008, as defined by Internal Revenue Code Section 382, and the net operating losses and research and development credits could be subject to limitation. However, the Company does not believe any of their net operating losses and research and development credits are limited by this potential ownership change.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more, (b) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering, (c) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years or (d) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

Results of Operations

Comparison of Years Ended December 31, 2012 and 2013

The following table summarizes the results of our operations for the years ended December 31, 2012 and 2013:

	Year Ended December 31,		Increase/
	2012	2013	(Decrease)
Research and development	$ 469,270	$ 1,541,681	$ 1,072,411
General and administrative	644,941	2,134,726	1,489,785
Other income (expense):			
Other income (expenses)	871	-	(871)
Interest income	101	31	(70)
Interest expense	(342,014)	(159,323)	182,691
Change in fair value of warrant liability	(9,000)	720,785	729,785
Change in fair value of convertible preferred stock rights and rights option liabilities	(125,500)	16,175,386	16,300,886
Value provided in excess of issuance price of Series B convertible preferred stock	(21,484,762)	-	21,484,762
Total other income (expense)	$ (21,960,304)	$ 16,736,879	$ 38,697,183

Research and Development Expenses. Research and development expenses were $469,270 for the year ended December 31, 2012 compared to $1.5 million for the year ended December 31, 2013. The increase of $1.1 million is primarily related to the increase in our external research and development expenditures and stock-based compensation.

Specifically, during the year ended December 31, 2013, we expanded our testing of NS2 and our other product candidates in a variety of preclinical models in an effort to more broadly characterize the effects of aldehyde trapping. In addition, we awarded options to purchase common stock to an employee involved in research and development activities.

General and Administrative Expenses. General and administrative expenses were $644,941 for the year ended December 31, 2012, compared to $2.1 million for the year ended December 31, 2013. The increase of $1.5 million is primarily related to legal, consulting and stock-based compensation for employee expenses incurred during the year ended December 31, 2013. Specifically, we incurred internal costs associated with the Series B convertible preferred stock financing and stock-based compensation associated with the financing.

Other Income (Expense). Total other income (expense) was $(22.0) million for the year ended December 31, 2012 and primarily consisted of the expense associated with the excess fair value over purchase price provided to the purchasers of our Series B convertible preferred stock in the December 20, 2012 tranche to the holders of our Series A convertible preferred stock. Total other income (expense) was $16.7 million for the year ended December 31, 2013 and primarily consisted of the change in fair market value of our derivative liabilities. Convertible preferred stock rights and rights option liabilities, described elsewhere in this prospectus, are non-recurring liabilities associated with our preferred stock financings. Such liabilities were recorded through October 1, 2013, at which time the rights expired. If future preferred stock financings occur, and we decide to offer purchase rights, similar liabilities may be recorded.

Liquidity and Capital Resources

We have funded our operations primarily from the sale of equity securities and convertible equity securities and borrowings under our loan and security agreement. Through December 31, 2013, we have received approximately $12.0 million in net proceeds from the sale of our Series A convertible preferred stock and approximately $6.8 million in net proceeds from the sale of our Series B convertible preferred stock, including proceeds from debt which were converted into Series A and Series B preferred stock, respectively. We have incurred losses since inception and negative cash flows from operating activities. As of December 31, 2013, we had approximately $3.3 million in cash and cash equivalents, working capital of $2.7 million and an accumulated deficit of $41.3 million.

In October 2013, we issued a convertible promissory note to Domain Partners VI, L.P., in the principal amount of $170,000, which was amended in February 2014 to extend its maturity date. The note accrues interest at a rate of 6% per annum, and will convert into shares of Series B convertible preferred stock in June 2014 unless it is converted into shares of our capital stock prior to such time pursuant to its terms. The terms of the convertible promissory note provide that it shall convert into shares of our common stock, immediately prior to the closing of this offering at a price per share equal to the initial offering price per share for our common stock listed on the cover page of this prospectus.

In April 2012, we entered into a $500,000 loan and security agreement with Square 1 Bank which is collateralized by all of our assets. Interest on advances under the agreement is equal to the greater of (A) 2.75% above the prime rate then in effect or (B) 6.50%. The interest rate since inception of the loan has been in accordance with (B), 6.50%. In November 2013, we amended this loan and security agreement to provide for up to an additional $1.0 million to be available for drawdown. As of September 30, 2013, we had drawn down $500,000 under the agreement to fund working capital. We subsequently drew an additional amount of $1.0 million in connection with the amendment to the loan and security agreement executed in November 2013 and have no credit available for future borrowings. In connection with the loan and security agreement entered into in April 2012, we issued a warrant to Square 1 Bank which was immediately exercisable for an aggregate of 2,042 shares of our Series A convertible preferred stock, at an exercise price of $12.24 per share. The warrant will automatically be adjusted to provide for the purchase of an aggregate of 4,844 shares of our common stock immediately prior to the closing of this offering. In addition, in connection with the amendment to the loan and security agreement executed in November 2013, we issued an additional warrant to Square 1 Bank which was immediately exercisable for an aggregate of 9,692 shares of our Series B convertible preferred stock, at an exercise price of $5.1588 per share. The warrant will automatically be adjusted to provide for the purchase of an aggregate of 9,692 shares of our common stock immediately prior to the closing of this offering.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. In the near-term, we anticipate that our expenses will increase substantially as we:

- initiate significant clinical trials associated with NS2 and our other product candidates, including the NS2 clinical trials that we currently plan to initiate in 2014;
- hire additional staff, including a chief financial officer and additional administrative, financial and accounting, clinical and scientific personnel; and

- maintain, expand and protect our intellectual property portfolio.

To fund further operations we will need to raise additional capital. The expected net proceeds from this offering will not be sufficient for us to complete clinical development for any potential product or any substantial, additional development requirements requested by the FDA. At this time, due to the risks inherent in the drug development process, we are unable to estimate with any certainty the costs we will incur in the continued clinical development of NS2. However, we currently estimate the costs to complete our clinical trials currently expected to be initiated in 2014 will be approximately $10.0 million. Subsequent trials initiated at a later date will cost considerably more, depending on the results of our prior clinical trials, and feedback from the FDA or other third parties. Accordingly, we will continue to require substantial additional capital beyond the expected proceeds from this offering to continue our clinical development and potential commercialization activities. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our clinical development efforts. We may need or desire to obtain additional capital to finance our operations through debt, equity or alternative financing arrangements. We may also seek capital through collaborations or partnerships with other companies. The issuance of debt could require us to grant additional liens on certain of our assets that may limit our flexibility. If we raise additional capital by issuing equity securities, the terms and prices for these financings may be much more favorable to the new investors than the terms obtained by our existing stockholders. These financings also may significantly dilute the ownership of our existing stockholders. If we are unable to obtain additional financing, we may be required to reduce the scope of our future activities which could harm our business, financial condition and operating results. There can be no assurance that any additional financing required in the future will be available on acceptable terms, if at all.

The following table summarizes of our cash flows for the years ended December 31, 2012 and 2013:

	Years Ended December 31,	
	2012	**2013**
Net cash used in operating activities	$ (778,046)	$ (1,706,601)
Net cash provided by financing activities	1,750,729	3,745,317
Net increase in cash and cash equivalents	$ 972,683	$ 2,038,716

Operating Activities. Net cash used in operating activities was $778,046 for the year ended December 31, 2012 compared to net cash used in operating activities of $1.7 million for the year ended December 31, 2013. The primary use of cash was to fund our operations.

Financing Activities. Net cash provided by financing activities was $1.8 million for the year ended December 31, 2012 compared to net cash provided by financing activities of $3.7 million for the year ended December 31, 2013. Net cash provided by financing activities for the year ended December 31, 2012 was the result of proceeds from the Square 1 Bank loan that closed in April 2012 and proceeds from the sale of our Series B convertible preferred stock. Net cash provided by financing activities for the year ended December 31, 2013 was the result of proceeds from our Series B convertible preferred stock financing, proceeds from the issuance of a convertible note to a related party and an increase in the credit facility with Square 1 Bank.

We believe that our existing cash and cash equivalents as of December 31, 2013, together with interest thereon, and the estimated net proceeds from this offering, will be sufficient to meet our anticipated cash requirements through 2015 based on our current business plans. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

The amount and timing of our future funding requirements will depend on many factors, including but not limited to:

- the initiation, progress, costs, results of and timing of our clinical development program for NS2 and our other product candidates, including our planned clinical trials expected to be initiated in 2014 to assess NS2 when administered orally to healthy volunteers, and to assess the efficacy and safety of topically administered NS2 in patients with SLS, discoid lupus, acute anterior uveitis, and ocular rosacea with meibomian gland dysfunction;

- the need for, and the progress, costs and results of, any additional clinical trials of NS2 we may initiate based on the results of our planned clinical trials or discussions with the FDA, including any additional trials the FDA or other regulatory agencies may require evaluating the safety of NS2;

- the outcome, costs and timing of seeking and obtaining regulatory approvals from the FDA, and any similar regulatory agencies;
- the timing and costs associated with manufacturing NS2 for clinical trials and other studies and, if approved, for commercial sale;
- our need and ability to hire additional management, development and scientific personnel;
- the cost to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, filing, prosecuting, defending and enforcing of any patents or other intellectual property rights;
- the timing and costs associated with establishing sales and marketing capabilities;
- market acceptance of NS2;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies; and
- our need to remediate any material weaknesses and implement additional internal systems and infrastructure, including financial and reporting systems.

Off-Balance Sheet Arrangements

Through December 31, 2013, we have not entered into and did not have any relationships with unconsolidated entities or financial collaborations, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purpose.

Contractual Obligations

Our long-term debt obligation consists of amounts we are obligated to repay under our loan and security agreement with Square 1 Bank, of which we have drawn the amount of $1.5 million with an outstanding balance of $1.4 million as of December 31, 2013. Unless principal is paid in advance, the loan requires interest only payments of approximately $7,500 a month until December 2014 when principal and interest payments become due of approximately $58,160 through November 2016.

As of December 31, 2013, we had no operating lease commitments.

BUSINESS

Overview

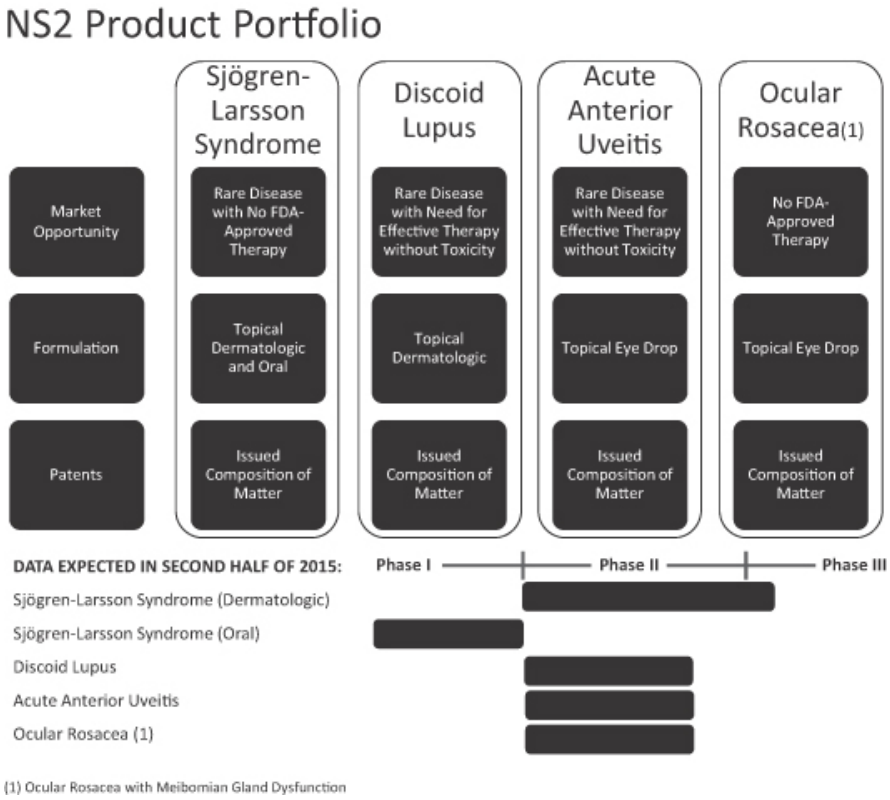
Aldeyra was formed as a Delaware corporation in 2004, and from inception until December 20, 2012, we operated as Neuron Systems, Inc. and from December 2012 until March 2014 we operated as Aldexa Therapeutics, Inc. Since our incorporation, we have devoted substantially all of our resources to the preclinical and clinical development of our product candidates. Our ability to generate additional revenues largely depends upon our ability, alone or with others, to complete the development of our product candidates to obtain the regulatory approvals for and to manufacture, market and sell our products and product candidates. The results of our operations will vary significantly from year-to-year and quarter-to-quarter and depend on a number of factors, including risks related to our business and industry, risks relating to intellectual property and other legal matters, risks related to our common stock, and other risks that are detailed in the section of this prospectus entitled “Risk Factors.”

We are a biotechnology company focused primarily on the development of new products for immune-mediated, inflammatory, orphan and other diseases that are thought to be caused in part by naturally occurring toxic chemical species known as free aldehydes. We have developed a series of product candidates that are designed specifically to trap and allow for the disposal of free aldehydes. In 2014, we plan to begin clinical testing of one of our product candidates in diseases with significant unmet medical need where we believe aldehyde trapping may improve symptoms and slow or prevent disease progression. For rare diseases, we intend to request orphan drug designation from the United States Food and Drug Administration (FDA).

We intend to test our most advanced product candidate, NS2, for the treatment of a disease called Sjögren-Larsson Syndrome (SLS), a rare condition that we believe afflicts approximately 2,000 patients in the United States and Europe, collectively. The disease is caused by mutations in an enzyme that metabolizes fatty (generally 16-18 carbon) free aldehydes, resulting in high levels of toxic fatty aldehydes that are the suspected cause of severe skin disease, mental delay, spasticity, and, in some patients, retinal dysfunction. NS2 has demonstrated fatty aldehyde trapping in human skin cells in preclinical studies. In order to attempt to improve the dermatologic symptoms of SLS, we plan to initiate Phase II/III clinical testing of NS2 applied topically to the skin of SLS patients beginning in 2014. We are not aware of any therapy for SLS that has been approved by the FDA.

Preclinical testing with NS2 suggests that aldehyde trapping has the potential to improve symptoms related to and slow or prevent the progression of a variety of other diseases by reducing inflammation, promoting healing, diminishing the potential for scarring, and protecting a key lipid (fat) that is involved in lubricating the surface of the eye and preventing skin dryness. In 2014, we plan to commence clinical testing of NS2 applied to the skin of patients with a rare and severe skin disease called Discoid Lupus Erythematosis (discoid lupus), characterized in part by inflammation, fibrosis (scarring), and delayed healing of skin lesions. We believe that currently available therapies for discoid lupus are moderately to poorly effective in controlling or curing the disease without drug-related toxicity, and that new therapeutic approaches are in high demand.

Similar to diseases of the skin, we believe that diseases of the eye may also be mediated in part by free aldehyde toxicity. We have developed an eye drop formulation of NS2 that has completed Phase I clinical testing for safety and tolerability in healthy volunteers. In 2014, we plan to initiate Phase II clinical trials of the NS2 eye drop formulation in two severe and, we believe, poorly treated ocular diseases, acute anterior uveitis and ocular rosacea with meibomian gland dysfunction. In both of these diseases, aldehydes may mediate, at least in part, inflammation, fibrotic changes, and lipid destruction leading to dryness and surface irritation. Acute anterior uveitis is a rare inflammatory condition that leads to pain, sensitivity to light, and vision loss. Ocular rosacea is an inflammatory condition that causes redness, burning, stinging, eyelid swelling, and damage to the front of the eye. A subset of ocular rosacea patients manifest dysfunction in lipid-secreting glands called meibomian glands, leading to tears that lack normal lubricating and moisturizing effectiveness. In anterior uveitis and ocular rosacea, we believe that novel medications are needed to improve symptoms and deter disease progression, especially in order to reduce dependence on topical corticosteroids, which can lead to cataracts (ocular lens opacities resulting in vision impairment) and glaucoma (increased intraocular pressure that can, in severe cases, lead to blindness). We are not aware of any therapy that has been approved by the FDA for ocular rosacea with meibomian gland dysfunction.



Business Strategy

We intend to develop NS2 and other novel aldehyde traps for the diseases described above as well as potentially other diseases where aldehydes may mediate pathology. We believe that aldehyde trapping is a novel approach with broad therapeutic potential across immune-mediated, inflammatory, orphan and other diseases. Accordingly, we have attempted and will continue to attempt to patent novel drug compositions, formulations, and methods that relate to aldehyde trapping. While we may continue to develop and eventually attempt to market aldehyde traps for certain diseases following regulatory approval, if any, we may also partner with larger companies to develop and commercialize products for other diseases where aldehyde toxicity is implicated, particularly diseases that afflict large populations worldwide.

Specifically, our business strategy is to:

- *Continue the development of and pursue regulatory approval for NS2.* We are currently preparing to initiate clinical trials of NS2 in several diseases. If sufficient safety and efficacy is demonstrated, we intend to apply to the FDA and comparable foreign agencies for marketing approval of NS2.

- *Aggressively develop new intellectual property and consider partnerships to accelerate and maximize the potential for other product candidates that are aldehyde traps.* We have discovered and synthesized a variety of aldehyde traps that we intend to develop and patent for new indications. For some indications, especially those that afflict large populations worldwide, we will consider development and commercialization licensing opportunities with strategic partners that have more financial resources, commercialization experience, and global infrastructures that could realize the commercial potential of NS2 to a greater extent than we could achieve operating without such partnerships.

- *Explore building in-house capabilities to commercialize NS2 in the United States and other geographies.* As, and if, NS2 progresses through clinical programs, in addition to partnering opportunities that we may consider, we also intend to evaluate the development of our own specialty sales force and marketing capabilities to allow us to directly market NS2 for rare diseases in the United States or in other geographies, if approved by FDA or analogous regulatory agencies outside the United States.

The Market for Aldehyde Traps

Occurring generally as a result of a large number of metabolic processes, free aldehydes are naturally occurring endogenous chemical species that, among other things, promote inflammation. At high levels, free aldehydes are toxic and are implicated as mediators of many immune-mediated and inflammatory diseases. A variety of diseases are thought to be related to free aldehydes, at least in part, including autoimmune diseases (e.g., systemic lupus erythematosis), inflammatory diseases (e.g., uveitis), neurological disease (e.g., multiple sclerosis), cardiovascular disease (e.g., atherosclerosis) and endocrinologic disease (e.g., diabetic nephropathy). We believe that the medical needs of these patients are not currently well addressed and that there is a large market potential for therapies that can lower free aldehyde levels.

We intend to test our lead aldehyde trap product candidate, NS2, in diseases that we believe are likely to be mediated at least in part by free aldehydes and that we view as poorly treated, if treated at all, by currently available medications. SLS, for which we intend to initiate Phase II/III testing in 2014 with NS2, is a rare condition that we believe affects approximately 2,000 patients collectively in the United States and Europe. We also intend to initiate other clinical trials of NS2 in 2014 to test for efficacy in other rare diseases that are potentially aldehyde-mediated, such as discoid lupus and acute anterior uveitis. While the patient populations for rare diseases are limited, we believe that reimbursement and pricing have the potential to be sufficient to generate significant revenues for approved therapies that offer significant advantages over standard of care.

We also intend to test NS2 in ocular rosacea with meibomian gland dysfunction, which is not a rare disease. We have discovered and synthesized other aldehyde traps that we may test in other diseases that afflict large populations worldwide, such as atherosclerosis, neurodegenerative diseases, and complications of diabetes. For some mass-market diseases, we may partner with larger companies for development and commercialization.

Sjögren-Larsson Syndrome

Sjögren-Larsson Syndrome (SLS) is caused by a variety of mutations of an enzyme called Fatty Aldehyde Dehydrogenase (FALDH), leading to the accumulation of fatty aldehydes or precursor molecules that are generally 16 to 18 carbons in length. The aldehyde accumulation is thought to result in the pathology of the disease, which includes a severe skin disorder called ichthyosis, mental delay, spasticity, and, in some patients, retinal dysfunction. While FALDH dysfunction also leads to diminished levels of certain fatty acids, therapy with these fatty acids has been ineffective in SLS patients. SLS patients are generally diagnosed as neonates given the severe ichthyosis that presents at birth. The disease persists lifelong, and SLS patients have a shortened lifespan, often expiring in the sixth decade of life. Some SLS patients are believed to inherit the disease, though most SLS appears to be due to sporadic mutations. The disease occurs worldwide. To our knowledge, Sweden is currently the only country to have estimated the prevalence of the disease, at 1 per 250,000 people. Extrapolating from the Swedish estimate, it is generally assumed that there are approximately 1,000 or fewer SLS patients in the United States and a larger number in Europe. We believe that some older SLS patients may be undiagnosed, potentially due to the lack of available dermatologic and genetic medicine expertise. There is no currently approved treatment that specifically addresses SLS.

The primary day-to-day complaint of SLS patients and their caregivers is ichthyosis, a severe skin disease characterized in SLS patients by thick, scaly, wrinkled, pigmented, pruritic (itchy), inflamed skin. SLS patients are consistently disturbed by pruritus and often excoriate skin by scratching. The ichthyosis in SLS affects most of the body, and is worse in flexure areas and the nape of the neck. There is currently no specific therapy approved for the dermatologic disease in SLS, though some patients and their caregivers apply non-specific topical creams, including keratinolytics (acids that soften skin) and moisturizers. We believe that the effects of keratinolytic and moisturizing creams are minimal or non-existent in treating severe ichthyosis.

The dermatologic disease in SLS is thought to be caused by aldehyde-mediated modification of lipids (fats) that are generated in the epidermis (the most superficial layer of skin) to form a moisture barrier that holds water in the skin. Moisture barrier compromise leads to water loss, which in turn leads to dermal thickening characteristic of ichthyosis. We believe that by lowering levels of aldehydes and thereby preventing lipid modification and the ensuing moisture barrier dysfunction, NS2, when applied topically to the skin, has the potential to ameliorate the dermatologic symptoms of SLS, deter disease progression, and potentially cure the ichthyosis that occurs in SLS.

In order to estimate potential pricing for NS2 as a dermatologic topical treatment for SLS, we have assumed pricing of another topical product for a rare dermatologic disease, Targretin® Gel for cutaneous T cell lymphoma. Assuming twice per day treatment of 25% of the body surface area, and assuming a standard amount of cream per unit skin area, at the price per gram of Targretin® Gel, we believe that topically administered NS2 could command pricing in excess of $200,000 per SLS patient per year. To verify reimbursement for such pricing, we have interviewed numerous clinical directors for large payors, representing in aggregate over 15 million covered lives. Assuming NS2 efficacy that exceeds standard of care (non-specific keratinolytic and moisturizing creams) in a clinically significant manner, the payor interviews lend strong support to reimbursement at annual per patient pricing in excess of $200,000. However there can be no assurances regarding the actual reimbursement, pricing or market penetration for our product candidates.

Discoid Lupus

Discoid Lupus Erythematosis, often called discoid lupus or DLE, is a dermatologic autoimmune disease that leads to severe scarring, chronic lesions, errant pigmentation and hair loss. The condition is generally thought to represent a dermatologic form of Systemic Lupus Erythematosis, an autoimmune disease that is characterized in part by high aldehyde levels that may lead to chronic inflammation and auto-antibodies against aldehyde-modified proteins that generate a persistent immune response directed to the patients' own tissue. An estimated 100,000 patients in the United States have the disease. There is no known cure, and currently used medications (topical corticosteroids and anti-malarial agents) are often toxic and we believe are poorly to moderately effective. Thus, we believe that there is a significant demand for non-toxic, efficacious therapies for discoid lupus.

We believe that by lowering aldehyde levels, NS2 may treat discoid lupus in several ways. Free aldehydes are likely pro-inflammatory, and may lead to lesion generation and may prevent lesion healing. In addition, aldehydes are pro-fibrotic and may in part induce scarring. We believe that topical application of NS2 to the skin of discoid lupus patients, therefore, could reduce lesion size and severity as well as prevent scar formation that is characteristic of chronic disease. We have not performed reimbursement and pricing surveys for NS2 in discoid lupus, although we expect that the same dermatologic topical preparation will be used for SLS and discoid lupus.

Acute Anterior Uveitis

Acute anterior uveitis is an inflammatory ocular disease that is characterized by rapid-onset pain, sensitivity to light, and loss of vision. The disease may occur with other autoimmune diseases or infection. The annual incidence of acute anterior uveitis in the United States is about 25,000 patients, and approximately one-third of these patients have one or more episodes per year. Patients with recurrent episodes often develop cataracts, and severe cases may lead to glaucoma and retinal dysfunction. The disease is typically treated with topical corticosteroids, though prolonged used of corticosteroids increases the incidence of cataracts and glaucoma in uveitis. Corticosteroids may also increase the incidence of infection and corneal ulceration. It has been estimated that uveitis is responsible for 10% of the blindness in the United States.

Free aldehyde levels are elevated in anterior uveitis patients. By trapping aldehydes, we believe NS2 may reduce inflammation in anterior uveitis and reduce the burden of corticosteroid use. Because corticosteroids exacerbate the formation of cataracts and glaucoma in uveitis and may increase ocular infection and corneal ulceration, we believe that there is a high demand for a novel topical anti-inflammatory agent to be used in conjunction with, or in place of, corticosteroids. We have not performed reimbursement or pricing surveys for acute anterior uveitis.

Ocular Rosacea with Meibomian Gland Dysfunction

Ocular rosacea is an anterior ocular inflammatory disease characterized by redness, burning, stinging, eyelid swelling, and damage to the front of the eye. The disease generally occurs as part of rosacea, a chronic dermal inflammatory disease associated with high aldehyde levels. A subset of ocular rosacea patients manifest dysfunction in lipid-secreting glands called meibomian glands, leading to tears that lack normal lubricating and moisturizing effectiveness. These patients manifest symptoms of dry eye, including significant scratchy, sandy, or gritty sensations that exacerbate ocular discomfort. The incidence of patients suffering from ocular rosacea with meibomian gland dysfunction is not known. However, we estimate 13 million patients in the United States have ocular rosacea, and 90% of these patients have eyelid dysfunction, including meibomian gland dysfunction, so the number of patients with ocular rosacea with meibomian gland dysfunction could be in excess of 10 million. The disease is treated with antibiotics, corticosteroids, and artificial tears, although in many cases we believe that these therapies are only poorly to moderately effective.

Like with anterior uveitis, by trapping aldehydes, we believe that NS2 may reduce inflammation in ocular rosacea with meibomian gland dysfunction and allow for lower dosages of corticosteroids. Because corticosteroids lead to toxicity as described above, we believe that there is a high demand for a novel topical anti-inflammatory agent to be used in conjunction

with, or in place of, corticosteroids. In addition, we believe that NS2 may protect key lipids secreted by meibomian glands, thereby potentially improving dry eye-related symptoms and tear film quality. We have not performed reimbursement or pricing surveys for ocular rosacea with meibomian gland dysfunction.

A New Immune-Mediating Approach: NS2 and Other Novel Aldehyde Traps

Free Aldehyde Toxicity

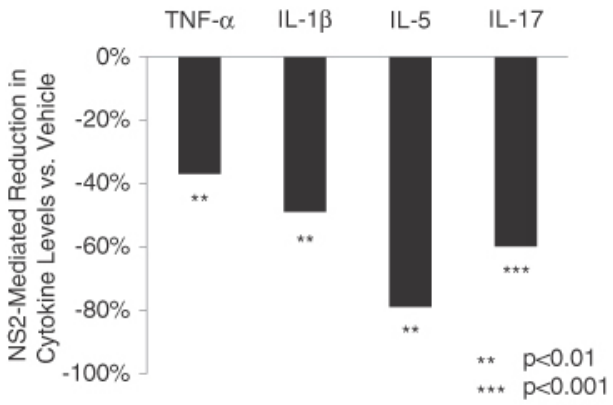
Free aldehydes are generated through a variety of metabolic processes and are pro-inflammatory. At high levels, free aldehydes are toxic, binding proteins, lipids, carbohydrates, and DNA, and may mediate inflammation in, and the progression of, many serious diseases through the activation of intracellular inflammatory factors, including NF-kB, an important protein in the inflammatory response. In many cases, aldehyde binding to cellular constituents leads to the formation of indigestible adducts and aggregates that are pro-inflammatory and may lead to cellular dysfunction. Because of the inherent toxicity of aldehydes, most, if not all, living organisms contain enzymes, called aldehyde dehydrogenases, that detoxify aldehydes. The toxicity of aldehydes is evidenced by human studies showing an increased rate of cognitive decline, cancer, and cardiovascular disease in populations with diminished aldehyde dehydrogenase capacity. Additionally, most inflammatory diseases, including autoimmune disease, neurodegenerative disease, and cardiovascular diseases, manifest elevated free aldehyde levels that apparently overwhelm endogenous aldehyde catabolic capacity. To our knowledge, there has never been a concerted pharmaceutical effort to lower free aldehyde levels. Thus, we believe that trapping aldehydes represents a novel platform for the treatment of inflammatory conditions and other diseases where aldehydes are implicated in pathogenesis.

NS2 - Efficacy

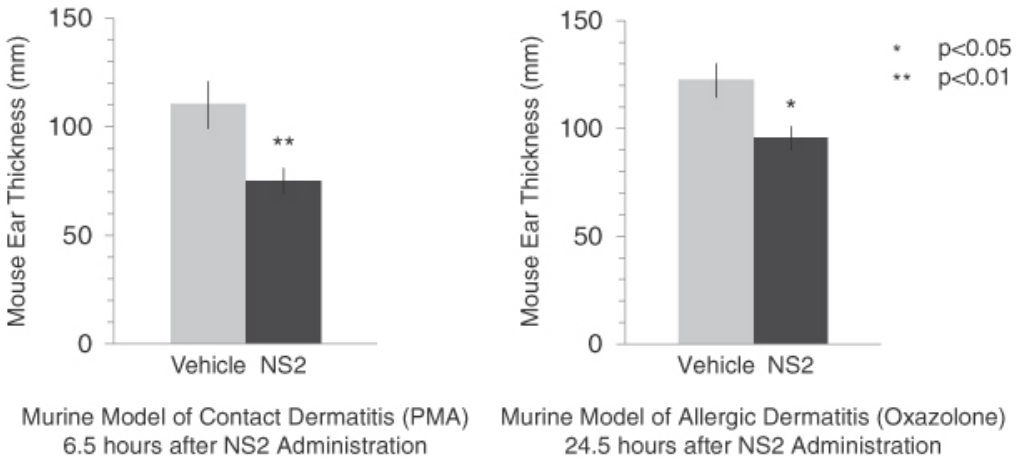
We are currently developing NS2, a new chemical entity, for the treatment of SLS and inflammatory diseases where we believe that free aldehyde-mediated toxicity is implicated. NS2 is a small molecule designed specifically to trap and allow for the disposal of free aldehydes. In *in vitro* and animal studies, NS2 appears to have minimal pharmacology, meaning that it does not appear to modify most cellular components, including most receptors, enzymes and other proteins. NS2 has been shown to bind and trap free aldehydes more rapidly than free aldehydes bind any cellular constituent. Evidence suggests that NS2 bound to aldehydes, so-called NS2-aldehyde adducts, are rapidly transported to cellular lysosomes, where the adduct is degraded within hours. Outside the lysosome, the adduct is remarkably stable, meaning that NS2-aldehyde binding is essentially irreversible *in vivo*, hence the notion of NS2 as an aldehyde trap. By essentially irreversibly binding free aldehydes and in essence transporting the aldehydes to lysosomes for degradation, NS2 has the potential to substantially lower aldehyde levels.

To our knowledge, we have been the first to demonstrate the positive effects of lowering aldehyde levels with an aldehyde trap in a variety of animal models relating to inflammation, suggesting that aldehyde traps may have potent anti-inflammatory effects that persist hours after NS2 administration at a variety of different doses relevant to clinical testing.

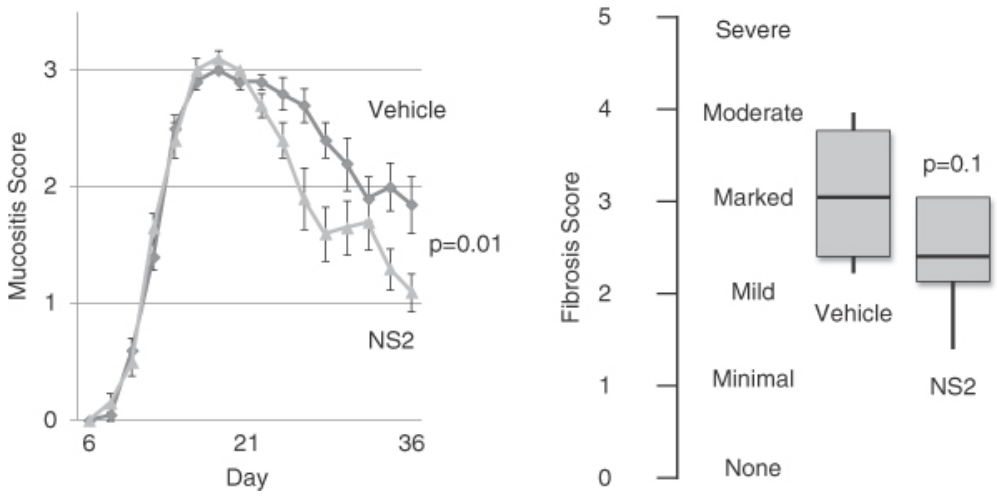
- In mice injected with a pro-inflammatory agent known as endotoxin, a single intra-peritoneal (gut) injection of NS2, administered 30 minutes prior to endotoxin, statistically reduced a variety of inflammatory cytokines (protein inflammatory mediators), including IL-5, Il-1b, IL-17, and TNF-a, while up-regulating the primary anti-inflammatory cytokine, IL-10, measured two hours after endotoxin exposure.



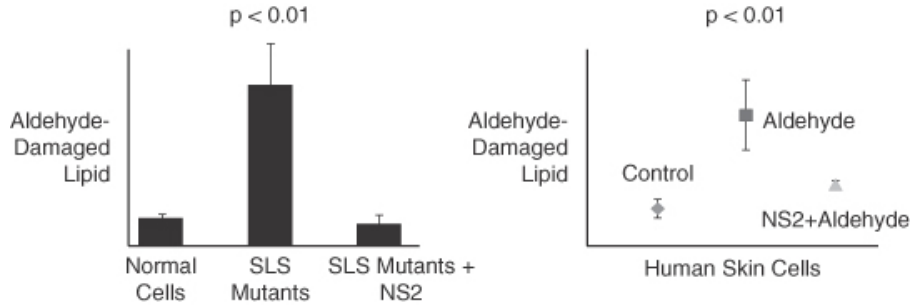
- In models of murine contact (induced by phorbol myristate acetate) and allergic (induced by sensitivity to oxazolone) dermatitis, a single intra-peritoneal injection of NS2 statistically reduced swelling when measured 6.5 and 24.5 hours, respectively, after NS2 administration.



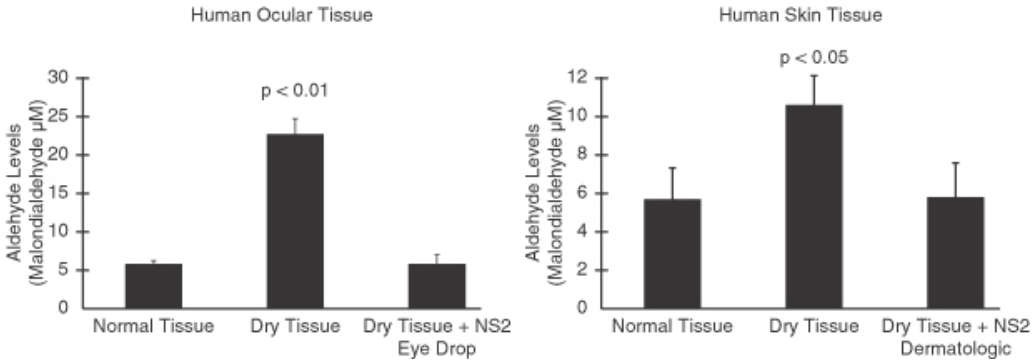
- In a model of radiation mucositis (oral inflammation) in hamsters, chronic subcutaneous administration of NS2 reduced healing time and decreased fibrosis (scarring).



- In human skin cells and in cells lacking FALDH, NS2 was at low doses able to fully protect a lipid (fat) critical to the moisture barrier in skin and ocular tear lubrication and moisturizing effectiveness.



- In dry eye and dry skin models where human ocular and skin tissues were exposed to abnormally dry conditions for 72 hours, NS2 was able to quench elevated levels of a known toxic aldehyde (malondialdehyde).



Thus, we believe that aldehyde trapping with NS2 potentially has a variety of mechanisms of action – lowering inflammation, reducing healing time, diminishing scarring, and protecting a critical lipid – that may ameliorate aldehyde-mediated disease and deter aldehyde-mediated disease progression in different ways at the same time.

NS2 – Safety and Therapeutic Index

Aside from increasing levels of inflammation, there is no generally accepted role of free aldehydes. Some physiologic molecules have aldehyde forms, including retinaldehyde (a form of Vitamin A) and pyridoxal and pyridoxal phosphate (forms of Vitamin B6), but these molecules are not free aldehydes in that they are tightly chaperoned and protected by special proteins. As such, retinaldehyde and pyridoxal are likely not exposed to the cellular milieu, thereby precluding the non-specific binding that is characteristic of free aldehydes. Thus, aldehyde trapping is expected *a priori* only to dampen inflammatory response and we believe would be predicted not to lead to overt toxicity.

We have completed a number of non-clinical and preclinical toxicity studies of NS2, which appears to be generally well tolerated and safe. Based on the evidence collected by us to date, NS2 is an aldehyde trap that has minimal pharmacological activity per se, in that there are no known direct interactions with cellular components that appear to have significant effects in animals. After systemic exposure to NS2, no signs of retinaldehyde deficiency on retinal function have

been observed, nor have we observed any effects in animals that would suggest pyridoxal deficiencies. No toxicity has been observed by us in an animal model when NS2 was administered as a 0.5% eye drop daily for up to nine months. No toxicity has been observed in animals when NS2 was systemically administered in special cardiovascular, neurobehavioral and pulmonary safety studies. We currently have an IND that is active and in good standing relating to the clinical testing of NS2 as an eye drop for the treatment of aldehyde-mediated retinal disease. At high doses of NS2, we have observed toxicity in *ex vivo* human skin tissue and have formulated NS2 in a dermatologic topical preparation at a dose where toxicity is not observed. Based in part on these findings, we intend to submit an IND for NS2 in a dermatologic topical in early 2014 following our targeted finalization of our dermatologic formulation and completion of dermatological toxicity studies in animals.

To our knowledge, the highest published level of aldehydes in tissue is approximately 10µM. However, based on cell toxicity studies after exposure to free aldehydes, 10µM concentrations lead to significant cell death. In skin cell culture from patients with SLS, over 80% cell death has been observed at 60µM concentrations of aldehydes; however, biopsies of SLS patients do not indicate cell death, suggesting that the actual aldehyde concentrations in the skin of SLS patients is far lower than 60µM. In the tears of patients with dry eye, aldehyde concentrations are estimated at 1µM. Based on the totality of these results, we believe that the levels of aldehydes in SLS or other human diseases are likely significantly lower than 10µM on a sustained basis. Relative to aldehyde levels, concentrations of NS2 are generally higher in our pharmaceutical preparations and in the tissue of animals after NS2 administration. Eye drops containing 0.5% NS2 are greater than 20mM (20,000-fold greater than reported aldehyde load in tears of dry eye patients), and a single drop results in anterior ocular tissue concentrations of greater than 5µM. Likewise, NS2 concentrations in 0.05% dermatologic topical preparations are greater than 2mM. Given the potential to be able to administer NS2 topically in concentrations that far exceed predicted free aldehyde concentrations, we believe that NS2 will significantly lower free aldehyde loads in diseases where topical administration of NS2 is applicable.

NS2 - Phase I Clinical Trial

Under our IND, we completed a United States-based Phase I clinical trial of 0.25% and 0.5% NS2 administered as an eye drop in 48 healthy volunteers. Results of this Phase I clinical trial were reported in 2011. Up to four doses per day were administered per volunteer for seven days for both concentrations. No NS2 was detectable in plasma, and NS2 was well tolerated in all subjects throughout the duration of the study. NS2 did not affect visual acuity or dark adaptation, and therefore did not disrupt the function of retinaldehyde in the retina or other physiologic processes that relate to visual function.

NS2 - Proposed Clinical Trials

In 2014, pending successful IND submissions, we intend to initiate clinical trials in SLS, discoid lupus, acute anterior uveitis and ocular rosacea with meibomian gland dysfunction. In addition, pending additional preclinical studies and successful IND submissions, we plan to initiate a Phase I study of NS2 administered orally to healthy volunteers, with the intent of developing a systemic NS2 therapy for SLS or other diseases. Table 1 summarizes the proposed key characteristics of these clinical trials, which are subject to change depending on input from regulatory agencies, advisors and other entities. We can provide no assurances that the clinical designs below will be utilized.

Table 1. Anticipated Clinical Trial Designs

Indication	SLS Dermatologic Topical	NS2 Oral	Discoid Lupus Dermatologic Topical	Acute Anterior Uveitis	Ocular Rosacea with Meibomian Gland Dysfunction
Drug Product	NS2 0.05%	NS2 (dose ranging, formulation yet to be determined)	NS2 0.05%	NS2 0.5% eye drop	NS2 0.5% eye drop
Patients	12	40	20	40	40
Control	1:1 Placebo	Placebo, ratio TBD	1:1 Placebo	1:1 Active Control (topical corticosteroid)	1:1 Placebo
Mask	Double-Masked	Double-Masked	Double-Masked	Double-Masked	Double-Masked
Treatment Time	8 weeks	To be determined	12 weeks	12 weeks	12 weeks
Endpoints	Visual Ichthyosis Scale	Safety, tolerability, and pharmacokinetics	CLASI (visual) criteria for lesion size and severity	Anterior chamber cell score, pain and visual acuity	Tear film quality, meibomian gland function and corneal staining

Our currently anticipated timing of the initiation and completion of our clinical trials is 2014 and the second half of 2015, respectively, although trial timing may change depending on input from regulatory agencies, advisors and other entities. Assuming that the first trial in patients with SLS is positive, we intend to initiate a second clinical trial as early as 2015. The nature of the second trial in patients with SLS will depend on results from the first trial as well as guidance from the FDA and other regulatory bodies, authorities and advisors.

Novel Aldehyde Trap Development

In addition to the development of NS2, we intend to continue the discovery and development of other novel aldehyde traps and we intend to continue to develop intellectual property around such molecules. We have identified, synthesized, and tested *in vitro* numerous molecules that may be more potent than NS2 in trapping free aldehydes. We are currently screening for product candidates to address diseases where oral and topical administration are applicable to reduce free aldehyde-mediated toxicity. We expect to nominate new oral and topical product candidates in 2014; however, given the unpredictable nature of medicinal chemistry and early stage molecular screening, the timing of product candidate selection is difficult to ascertain.

Intellectual Property and Proprietary Rights

Overview

We are building an intellectual property portfolio for NS2 and other aldehyde traps in the United States and abroad. We currently seek, and intend to continue to seek, patent protection in the United States and internationally for our product candidates, methods of use, and processes for manufacture, and for other technologies, where appropriate. Our current policy is to actively seek to protect our proprietary position by, among other things, filing patent applications in the United States and abroad relating to proprietary technologies that are important to the development of our business. We also rely on, and will continue to rely on, trade secrets, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position. We cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our technology.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for the technologies that we consider important to our business, our ability to defend our patents, and our ability to preserve the confidentiality of our trade secrets and operate our business without infringing the patents and proprietary rights of third parties.

Patent Portfolio

Our patent portfolio currently includes patents and patent applications covering the composition, formulation, and uses of NS2, and the compositions and uses of other novel aldehyde trapping compounds. As of January 9, 2014, we owned one United States patent, four United States non-provisional patent applications, and five provisional patent applications, as well as numerous foreign counterparts to these patents and patent applications. We expect the issued NS2 composition of matter patent in the United States, if the appropriate maintenance, renewal, annuity or other governmental fees are paid, to expire in 2028. It is possible that the term of the composition of matter patent in the United States may be extended up to five additional years under the provisions of the Hatch-Waxman Act. We expect the foreign NS2 composition of matter patents, if the appropriate maintenance, renewal, annuity or other governmental fees are paid, to expire in 2026. We expect other patent applications in the portfolio, if issued, and if the appropriate maintenance, renewal, annuity or other governmental fees are paid, to expire from 2026 to 2034. NS2 composition of matter patents have been issued in Australia, China, the European Patent Office, Hong Kong, Indonesia, Japan, Mexico, and Russia. NS2 composition of matter patent claims have been allowed in Canada and South Korea, and are pending in Brazil and India.

Other Intellectual Property Rights

We are currently in the process of registering a trademark for ALDEYRA THERAPEUTICS and registering a trademark for our logo in the United States. We can provide no assurances that these registrations will be successful.

In February 2010, we entered into a License and Supply Agreement with CyDex Pharmaceuticals, Inc., which was subsequently acquired by Ligand Pharmaceuticals Incorporated. The agreement grants us an exclusive license in the field of retinal degeneration (with certain exclusions) to certain excipient-related composition of matter and method of use patents to produce, use or sell our products that contain a certain solubilizing excipient, and allows for us to purchase at a defined cost an excipient used in our eye drop formulation of NS2. We will also be obligated to make milestone payments of up to an aggregate of $2.15 million upon reaching certain development and regulatory milestones in the development of our product. In the event of commercialization of a product containing the excipient, the agreement stipulates royalties at a low single digit percentage of applicable net sales, with an annual cap. The agreement continues in effect until the 7th anniversary of the expiration of all patents licensed under the agreement, which we currently estimate to be April 2036 unless earlier terminated by the parties. CyDex has the right to terminate the agreement if we are in default under the agreement and should fail to cure such default within thirty (30) days (or ten (10) days with respect to any payment obligation). Default includes, among other things, the failure to fulfill certain obligations and meet certain deadlines in connection with the commercialization of our product. We have the right to terminate the agreement at any time by 90 days written notice, or 45 days written notice in the event of a material breach by CyDex.

Confidential Information and Inventions Assignment Agreements

We currently require and will continue to require each of our employees and consultants to execute confidentiality agreements upon the commencement of such individual’s employment, consulting or collaborative relationships with us. These agreements provide that all confidential information developed or made known during the course of the relationship with us be kept confidential and not disclosed to third parties except in specific circumstances.

In the case of employees, the agreements provide that all inventions resulting from such individual's work performed for us, utilizing our property or relating to our business and conceived or completed by the individual during employment shall be our exclusive property to the extent permitted by applicable law. Our consulting agreements also provide for assignment to us of any intellectual property resulting from services performed by a consultant for us.

Sales and Marketing

We are currently seeking and will continue to seek to develop and commercialize NS2 for certain diseases in the United States alone, or with partners. Our intended strategy for NS2, if approved, will be to establish NS2 as the prescription product of choice for SLS, discoid lupus, acute anterior uveitis, and ocular rosacea with meibomian gland dysfunction. If the product candidate is approved for SLS, acute anterior uveitis or discoid lupus, our current expectation is that NS2 would initially be sold to small groups of physicians that specialize in these relatively rare disorders. We may also plan to utilize strategic partners or contract sales forces to assist in the commercialization of NS2, and with such partners, would seek to build awareness in the approved patient populations of the clinical utility of NS2.

Manufacturing

We do not own or operate manufacturing facilities for the production of NS2 or our other product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently depend on third-party contract manufacturers for all of our required raw materials, drug substance and finished drug product for our preclinical research and clinical trials. We have no immediate plans to purchase, erect or otherwise create any manufacturing facilities to be owned by us for any of these purposes, and intend to continue to depend on third-party contract manufacturers for the foreseeable future. We do not have any current contractual relationships for the manufacture of commercial supplies of NS2 or our other product candidates. If NS2 or our other product candidates are approved by any regulatory agency, we intend to enter into agreements with third-party contract manufacturers for the commercial production at such time. We may utilize third-party consultants to manage our manufacturing contractors. We believe that NS2 and other materials needed for the formulation of NS2 are relatively easy to manufacture, and that multiple suppliers and formulators could be employed for this purpose. Further, the raw materials needed for manufacture of NS2 and other ingredients in NS2 formulations are generally readily available from multiple sources.

Competition

Aldehyde Traps

Various academic groups have published on the idea of reducing aldehyde levels, primarily by using compounds with primary amines (certain nitrogen-containing compounds) that react with aldehydes through a well-known chemical process known as the Schiff base reaction. The Schiff base reaction is reversible, and generally the substrates (precursors) and products of the reaction exist in equilibrium such that at any point in time, the aldehyde substrate may be bound or unbound. In this way, Schiff base reactions alone represent reversible and temporary aldehyde binding. Various amines have been described, particularly carnosine (a naturally occurring dipeptide), which has a variety of additional potential mechanisms of action unrelated to aldehyde binding. At least one group has published on the use of certain nitrogen-containing marketed products to temporarily, in a reversible manner, bind retinaldehyde as a potential therapy for retinal disease. We believe that NS2 and other novel aldehyde traps that we have discovered are differentiated from the above approaches in that the chemical structures are novel and the reaction with free aldehydes is essentially irreversible *in vivo*, which we believe may result in a more effective means of diminishing aldehyde levels.

Other Pharmacotherapies

The pharmaceutical industry is characterized by intense competition and rapid innovation. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical companies, academic institutions, government agencies and research institutions. We believe that the key competitive factors that will affect the development and lead to the commercial success of our product candidates are efficacy, safety, tolerability, and the ability to reduce dependence on or dose of more toxic products.

Many of our potential competitors have substantially greater financial, technical and human resources than we do and significantly greater experience in the discovery and development of product candidates, obtaining FDA and other regulatory approvals of products and the commercialization of those products. Accordingly, our competitors may be more successful than we may be in obtaining FDA approval for products and achieving widespread market acceptance. Our

competitors' products may be more effective, or more effectively marketed and sold, than any product that we may commercialize and may render our product candidates obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our product candidates. We anticipate that we will face intense and increasing competition as new products enter the market and advanced technologies become available. In addition, the development of new treatment methods for the diseases we are targeting could render our products non-competitive or obsolete.

We expect that, if approved, NS2 will compete with a variety of generic and proprietary pharmaceuticals, depending on the approved indication. Table 2 below summarizes competitive products by indication.

Table 2. Competitive Pharmaceuticals by Indication

Indication	Competitive Products
Sjögren-Larsson Syndrome	Prescription and over-the-counter keratinolytics and moisturizers
Discoid Lupus	Topical corticosteroids, anti-malarials, systemic immunosuppressants
Acute Anterior Uveitis	Topical corticosteroids
Ocular Rosacea with Meibomian Gland Dysfunction	Artificial tears, oral antibiotics, topical corticosteroids

We believe that there is significant unmet medical need for the diseases that we intend to study. If NS2 is proven to be safe and effective, we believe that NS2 could be used in place of or in addition to current therapies, especially in instances where current therapies are toxic and reducing exposure to such therapies would be desirable. There is no approved therapy for SLS or ocular rosacea with meibomian gland dysfunction. We believe that the current non-specific creams and medications for SLS are poorly effective, if effective at all. Topical corticosteroids for inflammatory diseases are often associated with toxicity, including diminished lesion healing and tissue thinning in skin disease, and corneal ulceration, cataracts, and glaucoma in ocular disease. Anti-malarials and antibiotics are also associated with various toxicities and are generally only moderately effective. Artificial tears are often ineffective in the long-term treatment of diseases with dry eye components. While NS2 and other novel aldehyde traps may manifest efficacy and safety advantages over currently available therapies, many such therapies are generic or may be priced considerably lower than the NS2 pricing that we anticipate. Pricing factors may discourage the initial or prolonged use of NS2.

We believe that there are no drugs in development specifically for SLS or ocular rosacea with meibomian gland dysfunction. Allergan, Inc. and Galderma S.A. have conducted clinical trials in ocular rosacea but we are not aware of their current development status. Novartis International A.G. (pimecrolimus), Amgen, Inc. (AMG 811), Astion Pharma A/S (ASF-1096), Celgene Corporation (CC-11050), and Basilea Pharmaceutica (alitretinoin) have conducted or are conducting clinical trials in discoid lupus. Novartis (ESBA105) and EyeGate Pharmaceuticals, Inc. (EGP-437) have conducted or are conducting clinical trials in anterior uveitis. For the diseases we intend to study, there may be other developmental therapies of which we are not aware.

A myriad of new treatments have been or are being developed to treat inflammatory diseases, and in theory could be used for the treatment of the diseases our products are intended to target. Immune-modulating products include cytokine inhibitors, immune cell receptor inhibitors, and Janus kinase inhibitors. Companies that currently market such therapies include Abbvie, Inc., Johnson & Johnson, UCB Inc. and UCB S.A., Amgen, Inc., Bristol-Myers Squibb Co., and Pfizer, Inc. As these products become used more commonly, they may begin to be used in the diseases that we intend to target, and such products may manifest efficacy and safety advantages over NS2 or our other product candidates.

Government Regulation

FDA Approval Process

In the United States, pharmaceutical products are subject to extensive regulation by the FDA. The Food Drug and Cosmetic Act, or FDCA, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with applicable FDA or other requirements may subject a company to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending applications, a clinical hold, warning letters, recall or seizure of products, partial or total suspension of production, withdrawal of the product from the market, injunctions, fines, civil penalties or criminal prosecution.

FDA approval is required before any new drug, such as a new chemical entity, or a new dosage form, new use or new route of administration of a previously approved product, can be marketed in the United States. The process required by the FDA before a new drug product may be marketed in the United States generally involves:

- completion of preclinical laboratory and animal testing and formulation studies in compliance with the FDA's good laboratory practice, or GLP, regulation;
- submission to the FDA of an IND for human clinical testing which must become effective before human clinical trials may begin in the United States;
- approval by an independent institutional review board, or IRB, at each site where a clinical trial will be performed before the trial may be initiated at that site;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCP, to establish the safety and efficacy of the proposed product candidate for each intended use;
- satisfactory completion of an FDA pre-approval inspection of the facility or facilities at which the product is manufactured to assess compliance with the FDA's cGMP regulations;
- submission to the FDA of a new drug application, or NDA, which must be accepted for filing by the FDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- payment of user fees, if applicable; and
- FDA review and approval of the NDA.

The preclinical and clinical testing and approval process requires substantial time, effort and financial resources. Pre-clinical tests include laboratory evaluation of product chemistry, formulation, manufacturing and control procedures and stability, as well as animal studies to assess the toxicity and other safety characteristics of the product. The results of preclinical tests, together with manufacturing information, analytical data and a proposed clinical trial protocol and other information, are submitted as part of an IND to the FDA. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, our submission of an IND may not result in FDA authorization to commence a clinical trial. A separate submission to an existing IND must also be made for each successive clinical trial conducted during product development. Even if the IND becomes effective and the trial proceeds without initial FDA objection, the FDA may stop the trial at a later time if it has concerns, such as if unacceptable safety risks arise.

Further, an independent IRB, covering each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and informed consent information for subjects before the trial commences at that site and it must monitor the study until completed. The FDA, the IRB, or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk or for failure to comply with the IRB's requirements, or may impose other conditions.

If a Phase II clinical trial is the subject of discussion at an end-of-Phase II meeting with the FDA, a sponsor may be able to request a Special Protocol Assessment, or SPA, the purpose of which is to reach agreement with the FDA on the design of the Phase III clinical trial protocol design and analysis that will form the primary basis of an efficacy claim. If such an agreement is reached, it will be documented and made part of the administrative record, and it will be binding on the FDA and may not be changed unless the sponsor fails to follow the agreed-upon protocol, data supporting the request are found to be false or incomplete, or the FDA determines that a substantial scientific issue essential to determining the safety or effectiveness of the drug was identified after the testing began. Even if an SPA is agreed to, approval of the NDA is not guaranteed because a final determination that an agreed-upon protocol satisfies a specific objective, such as the demonstration of efficacy, or supports an approval decision, will be based on a complete review of all the data in the NDA.

Clinical trials involve the administration of the investigational new product to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Sponsors of clinical trials generally must register and report, at the NIH-maintained website ClinicalTrials.gov, key parameters of certain clinical trials. For purposes of an NDA submission and approval, human clinical trials are typically conducted in the following sequential phases, which may overlap or be combined:

- *Phase I:* The product is initially introduced into healthy human subjects or patients and tested for safety, dose tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain an early indication of its effectiveness.

- *Phase II:* The product is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications and to determine dose tolerance and optimal dosage. Multiple Phase II clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more extensive clinical trials.

- *Phase III:* These are commonly referred to as pivotal studies. When Phase II evaluations demonstrate that a dose range of the product appears to be effective and has an acceptable safety profile, trials are undertaken in large patient populations to further evaluate dosage, to obtain additional evidence of clinical efficacy and safety in an expanded patient population at multiple, geographically-dispersed clinical trial sites, to establish the overall risk-benefit relationship of the product and to provide adequate information for the labeling of the product.

- *Phase IV:* In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials to further assess the product's safety and effectiveness after NDA approval. Such post-approval trials are typically referred to as Phase IV studies.

The results of product development, preclinical studies and clinical trials are submitted to the FDA as part of an NDA. NDAs must also contain extensive information relating to the product's pharmacology, chemistry, manufacturing and controls and proposed labeling, among other things.

Orphan Drug Designation

Under the Orphan Drug Act, the FDA may grant orphan drug designation to a drug intended to treat a rare disease or condition which is defined as one affecting fewer than 200,000 individuals in the United States or more than 200,000 individuals where there is no reasonable expectation that the product development cost will be recovered from product sales in the United States. Orphan drug designation must be requested before submitting an NDA and does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

If an orphan drug-designated product subsequently receives the first FDA approval for the disease for which it was designed, the product will be entitled to seven years of product exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for seven years. If a competitor obtains approval of the same drug, as defined by the FDA, or if our product candidate is determined to be contained within the competitor's product for the same indication or disease, the competitor's exclusivity could block the approval of our product candidate in the designated orphan indication for seven years.

For some products, the FDA may require a risk evaluation and mitigation strategy, or REMS, which could include measures imposed by the FDA such as prescribing restrictions, requirements for post-marketing studies or certain restrictions on distribution and use. Under federal law, the submission of most NDAs is additionally subject to a substantial application

user fee, and the manufacturer and/or sponsor under an approved NDA are also subject to annual product and establishment user fees. The FDA has 60 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information and is subject to payment of additional user fees. The resubmitted application is also subject to review before the FDA accepts it for filing.

Once the submission has been accepted for filing, the FDA begins an in-depth substantive review. Under the Prescription Drug User Fee Act, or PDUFA, the FDA agrees to specific performance goals for NDA review time through a two-tiered classification system, Standard Review and Priority Review. Standard Review NDAs have a goal of being completed within a ten-month timeframe. A Priority Review designation is given to products that offer major advances in treatment, or provide a treatment where no adequate therapy exists. The goal for completing a Priority Review is six months.

It is likely that our product candidates will be granted a Standard Review. The review process may be extended by the FDA for three additional months to consider certain information or obtain clarification regarding information already provided in the submission. The FDA may refer applications for novel products or products which present difficult questions of safety or efficacy to an advisory committee for review, evaluation and recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendation of an advisory committee, but it considers such recommendations carefully when making decisions. In addition, for combination products, the FDA's review may include the participation of both the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health, which may complicate or prolong the review.

Before approving an NDA, the FDA may inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP

After the FDA evaluates the NDA and, in some cases, the related manufacturing facilities, it may issue an approval letter or a Complete Response Letter, or CRL, to indicate that the review cycle for an application is complete and that the application is not ready for approval. CRLs generally outline the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when the deficiencies have been addressed to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications.

Once issued, the FDA may withdraw product approval if ongoing regulatory requirements are not met or if safety problems are identified after the product reaches the market. In addition, the FDA may require post-approval testing, including Phase IV studies, and surveillance programs to monitor the effect of approved products which have been commercialized, and the FDA has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs. Products may be marketed only for the approved indications and in accordance with the provisions of the approved label, and, even if the FDA approves a product, it may limit the approved indications for use for the product or impose other conditions, including labeling or distribution restrictions or other risk-management mechanisms, such as a Black Box Warning, which highlights a specific warning (typically life-threatening), or a REMS program. Further, if there are any modifications to the product, including changes in indications, labeling, or manufacturing processes or facilities, a company may be required to submit and obtain FDA approval of a new or supplemental NDA, which may require the company to develop additional data or conduct additional preclinical studies and clinical trials.

Post-Approval Requirements

Once an NDA is approved, a product will be subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to product/device listing, recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and generally require prior FDA approval before being implemented. FDA regulations also

require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. While physicians may prescribe for off label uses, manufacturers may only promote for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off label uses, and a company that is found to have improperly promoted off label uses may be subject to significant liability, both at the federal and state levels.

The Food and Drug Administration Amendments Act of 2007 gave the FDA the authority to require a Risk Evaluation and Mitigation Strategy, or REMS, from manufacturers to ensure that the benefits of a drug or biological product outweigh its risks. In determining whether a REMS is necessary, FDA must consider the size of the population likely to use the drug, the seriousness of the disease or condition to be treated, the expected benefit of the drug, the duration of treatment, the seriousness of known or potential adverse events, and whether the drug is a new molecular entity. If the FDA determines a REMS is necessary, the drug sponsor must agree to the REMS plan at the time of approval. A REMS may be required to include various elements, such as a medication guide or patient package insert, a communication plan to educate health care providers of the drug's risks, limitations on who may prescribe or dispense the drug, or other measures that the FDA deems necessary to assure the safe use of the drug. In addition, the REMS must include a timetable to assess the strategy at 18 months, three years, and seven years after the strategy's approval. The FDA may also impose a REMS requirement on a drug already on the market if the FDA determines, based on new safety information, that a REMS is necessary to ensure that the drug's benefits outweigh its risks.

Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of FDA approval of the use of our drug candidates, some of our United States patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND, and the submission date of an NDA, plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the application for extension must be made prior to expiration of the patent. The United States Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we intend to apply for restorations of patent term for some of our currently owned or licensed patents to add patent life beyond their current expiration date, depending on the expected length of clinical trials and other factors involved in the submission of the relevant NDA.

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not

previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an approved NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, for new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA; however, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Manufacturing Requirements

We and our third-party manufacturers must comply with applicable FDA regulations relating to FDA's cGMP regulations and, if applicable, quality system regulation requirements for medical devices. The cGMP regulations include requirements relating to, among other things, organization of personnel, buildings and facilities, equipment, control of components and drug product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, records and reports, and returned or salvaged products. The manufacturing facilities for our products must meet cGMP requirements to the satisfaction of the FDA pursuant to a pre-approval inspection before we can use them to manufacture our products. We and our third-party manufacturers are also subject to periodic unannounced inspections of facilities by the FDA and other authorities, including procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations. Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including, among other things, warning letters, voluntary corrective action, the seizure of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties.

Other Regulatory Requirements

We are also subject to various laws and regulations regarding laboratory practices, the experimental use of animals, and the use and disposal of hazardous or potentially hazardous substances in connection with our research. In each of these areas, as above, the FDA has broad regulatory and enforcement powers, including, among other things, the ability to levy fines and civil penalties, suspend or delay issuance of approvals, seize or recall products, and withdraw approvals, any one or more of which could have an adverse effect on our ability to operate our business and generate revenues. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, operating results and financial condition.

Research and Development Expenses

Substantially all of our research and development expenses incurred to date have been related to the development of NS2. Our research and development expenses totaled $469,270 for the year ended December 31, 2012 and $1.5 million for the year ended December 31, 2013. We anticipate that we will incur additional expenses of approximately $6.0 million and $4.0 million in 2014 and 2015, respectively, to complete the currently planned clinical trials of NS2 and other research and development activities.

We anticipate that we will incur additional research and development expenses in the future as we evaluate and possibly pursue the development of our product candidates for additional indications, or develop additional product candidates.

We recognize research and development expenses as they are incurred. Our research and development expenses consist primarily of:

- salaries and related expenses for personnel;
- fees paid to consultants and contract research organizations in conjunction with independently monitoring clinical trials and acquiring and evaluating data in conjunction with clinical trials, including all related fees such as investigator grants, patient screening, lab work and data compilation and statistical analysis;
- costs incurred with third parties related to the establishment of a commercially viable manufacturing process for our product candidates;
- costs related to production of clinical materials, including fees paid to contract manufacturers;
- costs related to upfront and milestone payments under in-licensing agreements;
- costs related to compliance with FDA regulatory requirements;
- consulting fees paid to third-parties involved in research and development activities; and
- costs related to stock options or other stock-based compensation granted to personnel in development functions.

We expense both internal and external development costs as they are incurred.

We expect that a large percentage of our research and development expenses in the future will be incurred in support of our current and future non-clinical, preclinical and clinical development programs. These expenditures are subject to numerous uncertainties in terms of both their timing and total cost to completion. We expect to continue to develop stable formulations of our product candidates, test such formulations in preclinical studies for toxicology, safety and efficacy and to conduct clinical trials for each product candidate. We anticipate funding clinical trials for our product candidates ourselves, but we may engage collaboration partners at certain stages of clinical development. As we obtain results from clinical trials, we may elect to discontinue or delay clinical trials for certain product candidates or programs in order to focus our resources on more promising product candidates or programs. Completion of clinical trials by us or our future collaborators may take several years or more, the length of time generally varying with the type, complexity, novelty and intended use of a product candidate. The costs of clinical trials may vary significantly over the life of a project owing to but not limited to the following:

- the number of sites included in the trials;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- the duration of patient follow-up;
- the phase of development the product candidate is in; and
- the efficacy and safety profile of the product candidate.

Our expenses related to clinical trials are based on estimates of the services received and efforts expended pursuant to contracts with multiple research institutions and contract research organizations that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation and vary from contract to contract and may result in uneven payment flows. Generally, these agreements set forth the scope of work to be performed at a fixed fee or unit price. Payments under the contracts depend on factors such as the successful enrollment of patients or the completion of

clinical trial milestones. Expenses related to clinical trials generally are accrued based on contracted amounts applied to the level of patient enrollment and activity according to the protocol. If timelines or contracts are modified based upon changes in the clinical trial protocol or scope of work to be performed, we modify our estimates of accrued expenses accordingly on a prospective basis.

None of our product candidates have received FDA or foreign regulatory marketing approval. In order to grant marketing approval, a health authority such as the FDA or foreign regulatory agencies must conclude that clinical and preclinical data establish the safety and efficacy of our product candidates with an appropriate benefit to risk profile relevant to a particular indication, and that the product can be manufactured under cGMP in a reproducible manner to deliver the product's intended performance in terms of its stability, quality, purity and potency. Until our submission is reviewed by a health authority, there is no way to predict the outcome of their review. Even if the clinical studies meet their predetermined primary endpoints, and a registration dossier is accepted for filing, a health authority could still determine that an appropriate benefit to risk relationship does not exist for the indication that we are seeking.

We cannot forecast with any degree of certainty which of our product candidates will be subject to future collaborations or how such arrangements would affect our development plan or capital requirements.

As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our development projects or when and to what extent we will receive cash inflows from the commercialization and sale of an approved product candidate.

Employees

As of February 28, 2014, we had two full time senior employees and had engaged a number of key consultants. We intend to increase our employee base upon the closing of this offering and in connection with the commencement of our clinical trials for NS2. We expect that a number of consultants previously engaged in development of NS2 will participate in ongoing clinical and manufacturing activities.

Facilities

We currently have no facilities other than our principal executive offices located at 15 New England Executive Park, Burlington Massachusetts, and conduct our operations using third-party manufacturing facilities and trial sites.

Legal Proceedings

From time to time, we may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. We currently are not a party to any threatened or pending material litigation and do not have contingency reserves established for any litigation liabilities. However, third parties might allege that we are infringing their patent rights or that we are otherwise violating their intellectual property rights, including trade names and trademarks. Such third parties may resort to litigation. We accrue contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

MANAGEMENT

Executive Officers and Directors

Our executive officers and directors, and their ages and positions as of February 28, 2014, are set forth below:

Name	Age	Position	Served as Officer or Director Since
Executive Officers			
Todd C. Brady, M.D., Ph.D.	42	Chief Executive Officer, President and Director	January 2012
Scott L. Young	51	Chief Operating Officer	December 2011
Directors			
C. Boyd Clarke (2)	65	Chairman of the Board of Directors	October 2013
Martin J. Joyce (1)(3)	60	Director	October 2013
Gary Phillips, M.D. (1)(3)	47	Director	May 2009
Ben Bronstein, M.D.	63	Director	June 2010
Neal Walker, D.O. (3)	44	Director	June 2013
Jesse Treu, Ph.D. (2)	66	Director	June 2013

(1) Member of Compensation Committee.
(2) Member of Nominating and Corporate Governance Committee.
(3) Member of Audit Committee.

Executive Officers

Todd C. Brady, M.D., Ph.D. has served as our President and Chief Executive Officer since January of 2012 and as a member of our board of directors since 2005. From April 2013 to December 2013, Dr. Brady also served as Entrepreneur in Residence at Domain Associates, LLC, a leading healthcare venture capital firm, where he was a Principal from November 2004 to March 2013. From 2002 to 2004, Dr. Brady was Senior Director of business development at Aderis Pharmaceuticals, Inc., a late-stage biotechnology company sold to Schwarz Pharma Mfg., Inc. (now UCB, Inc.). From 2001 to 2002, Dr. Brady was Executive Vice President of Corporate Development and Strategy at Xanthus Life Sciences, Inc., an oncology drug development biotechnology company subsequently acquired by Antisoma plc. From 2000 to 2001, Dr. Brady was Chief Executive Officer of Phenome Sciences, which was acquired by Xanthus Life Sciences, Inc. Earlier in his career, Dr. Brady was a Senior Associate at CB Health Ventures, LLC (now Excel Venture Management LLC), a healthcare venture capital fund. Dr. Brady has had broad experience in biotechnology corporate development, and has worked in all facets of drug development from preclinical testing to Phase III and IV clinical trials, including the development of a new chemical entity now marketed for the treatment of Parkinson's Disease. Dr. Brady is a member of the Board of Directors of Evoke Pharma, Inc., a publicly held specialty pharmaceutical company, where he is Chairman of the Nominating and Governance Committee and a member of the Compensation Committee. He is also a member of the Board of Directors of Sebacia, Inc., Paringenix, Inc., Novadigm Therapeutics, Inc., and Asmacure, Ltée, all privately held biotechnology companies. Dr. Brady holds a Ph.D. in pathology from Duke University Graduate School (and serves on the School's Board of Visitors), a M.D. from Duke University Medical School, and an A.B. from Dartmouth College in Philosophy and Psychology. Dr. Brady's extensive knowledge of our business, as well as his years of experience in the biotechnology industry, including executive leadership in several biotechnology companies, contributed to our conclusion that he should serve as a director of our company.

Scott L. Young has served as our Chief Operating Officer since December 2011. Mr. Young has over 25 years of preclinical and clinical experience in both large and small pharmaceutical firms. Prior to joining Aldeyra, Mr. Young was Chief Operating Officer for Link Medicine Corporation, a biotechnology company developing novel pharmaceuticals to treat neurodegenerative diseases including Alzheimer's Disease and Parkinson's Disease, from 2006 to 2011. While at Link Medicine Corporation, Mr. Young and colleagues successfully raised more than $40 million in financing, advanced the lead program to clinical development, and subsequently out-licensed the technology to AstraZeneca UK Limited. Mr. Young was previously Chief Operating Officer of OXiGENE, Inc., a publicly traded oncology therapeutics development company, where from 1999 through 2006 he was instrumental in advancing a pharmaceutical candidate from laboratory testing into Phase III clinical trials and led the development of a compound in an orphan ophthalmology indication. Mr. Young has also held positions in clinical and regulatory affairs, cGMP manufacturing operations, and R&D and process development at Genzyme Corporation, RepliGen Corporation and Genetics Institute, Inc. (now Pfizer, Inc.). He holds a B.S. in biochemistry from the University of Massachusetts, Amherst.

Non-Employee Directors

C. Boyd Clarke has served as chairman of our board of directors since October 2013. Mr. Clarke's original training in the pharmaceutical and vaccine industry was received at Merck and Company, where he held a number of positions including Vice President of the Merck Vaccine Division and the founding President of Pasteur-Merieux MSD, a European joint venture that commercialized vaccines in the European Union. Since leaving Merck in 1996, his career has focused on leading and advising smaller developmental biotechnology and vaccine companies. Mr. Clarke was previously President and Chief Executive Officer of three biotechnology companies: Neose Technologies, a protein therapeutics company; Aviron, a vaccine company; and U.S. Bioscience, an oncology company. MedImmune acquired both Aviron (in 2002) and U.S. Bioscience (in 1999) for a combined value of $2 billion. Mr. Clarke has served as Chairman of the Board of QLT (an ocular company) and Mersana Therapeutics (an oncology company), and as Executive Chairman of LigoCyte Pharmaceuticals (a vaccine company), in which capacity he oversaw the sale of the company to Takeda Pharmaceuticals in 2012. He has also served as a board member or advisor to OraVax (a vaccine company) and Rib-X (an antibiotic company). In these capacities, he has developed significant expertise in the challenges of small company leadership, strategic management, business development and mergers and acquisitions. Currently, he is on the board of Novadigm Therapeutics (a vaccine company). Mr. Clarke's extensive knowledge of our business and history, experience as a board member of multiple publicly-traded and privately-held companies, and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.

Martin J. Joyce has served as member of our board of directors since October 2013. Mr. Joyce's professional background includes leadership roles in public and private, medical device, biotechnology and pharmaceutical companies from start-up stage to over $500 million in annual revenue. He has experience in public equity financings, business development, SEC reporting, strategic planning, mergers, acquisitions, investor relations and biotechnology operations. Since 2012, Mr. Joyce has served as a consultant to the life science industry assisting biotechnology and pharmaceutical companies in strategic planning, fund raising and operations. From March 2011 to July 2012, Mr. Joyce was chief financial officer at Lucid Inc., an early stage skin cancer diagnostic company. Previously, Mr. Joyce served as Executive Vice President and Chief Financial Officer of BioSphere Medical from January 2006 through September 2010. He served as BioSphere's Chief Financial Officer and Vice President from September 2004 to January 2006. From January 2001 to September 2004, Mr. Joyce served as Managing Partner of Stratex Group LLC, a provider of biopharmaceutical executive services to early-stage companies and venture investors. From 1996 to January 2001, Mr. Joyce was North American Chief Financial Officer for Serono Inc. a biotechnology company. From April 1987 to 1996, Mr. Joyce held a variety of senior level positions within Serono in finance, sales, marketing and manufacturing. Mr. Joyce was previously employed at Millipore Corporation, a high technology bioscience company. Mr. Joyce received a B.S. in finance from Northeastern University and a M.B.A. from Suffolk University, Boston, Massachusetts. Mr. Joyce's extensive knowledge of our business and history, experience in multiple publicly-traded and privately-held companies, and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.

Gary Phillips, M.D. has served as Senior Vice President and Chief Strategy Officer at Mallinckrodt Pharmaceuticals plc since October 2013 and has been a member of our Board of Directors since May 2009. Before joining our company, he was President of Reckitt Benckiser Pharmaceuticals, Inc. from 2011 to 2012. He served as President of U.S. Surgical and Pharmaceuticals at Bausch & Lomb Incorporated from 2002 to 2008. Dr. Phillips has also held executive roles at Merck Serono SA (a division of Merck KGaA) from 2008 to 2011, Novartis Corporation from 2000 to 2002, and Wyeth Pharmaceuticals, Inc. (now Pfizer, Inc.) from 1999 to 2000. He was most recently Head of Global Health & Healthcare Industries at the World Economic Forum in Geneva from January 2012 to September 2013. Dr. Phillips was also healthcare strategy managing consultant at Towers Perrin Forster & Crosby, Inc. (now Towers Watson & Co) from 1997 to 1999, and practiced as a general medicine clinician/officer in the US Navy, from which he was honorably discharged as a lieutenant commander. Dr. Phillips was educated at the University of Pennsylvania, where he received an M.D. (Alpha Omega Alpha) from the School of Medicine in 1992, an MBA from the Wharton School in 1991, and B.A. (summa cum laude, Phi Beta Kappa) in biochemistry from the College of Arts and Sciences in 1987. He completed postgraduate medical education at Naval Medical Center San Diego and maintains an active medical license. Dr. Phillip's extensive knowledge of our business and history, and his experience in pharmaceutical strategy at multiple multinational companies, contributed to our conclusion that he should serve as a director of our company.

Ben Bronstein, M.D. has served as a member of our board of directors since 2010, and from 2010 to 2011 served as Chief Executive Officer of Aldeyra Therapeutics, then known as Neuron Systems. Dr. Bronstein is a Visiting Scholar at the Wyss Institute of Biologically Inspired Engineering at Harvard Medical School and an active advisor to life science

companies. He is a board-certified pathologist and dermatopathologist, with over 20 publications. Dr. Bronstein began his professional career on the staff of the Massachusetts General Hospital and on the faculty of Harvard Medical School. He has spent the past 25 years in entrepreneurial roles in life science companies and venture capital firms. Dr. Bronstein has founded or held senior management positions at several venture-backed life science firms, including BioSurface Technologies Corporation, a regenerative medicine company; Peptimmune, Inc., an immunotherapeutics company (a spinout from Harvard and MIT); and Vidus Ocular, Inc., a Yale University spinout developing an implantable device for the treatment of glaucoma. Most recently he has served as a founder and senior vice president of Access BridgeGap Ventures, the life science investment unit of Access Industries, Inc. Dr. Bronstein serves on the boards of directors of several privately held life science companies. He is also a member of the Weill Cornell Medical College Faculty Industry Council and the Coulter Oversight Committee at Boston University. Dr. Bronstein received his M.D. and M.B.A. from Boston University. Dr. Bronstein's extensive knowledge of our business and history, experience as a board member of biotechnology companies and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.

Neal Walker, D.O. has served on our board of directors since June 2013. Dr. Walker is the President and Chief Executive Officer at Aclaris Therapeutics, Inc., a privately held dermatological drug development company. He is a board certified dermatologist and serial entrepreneur with over 18 years of experience in the biopharmaceutical industry. Prior to founding Aclaris Therapeutics, Inc. in 2012, he was co-founder, President and CEO of Vicept Therapeutics, Inc. (acquired by Allergan, Inc.) from 2009 to 2012. Dr. Walker has co-founded and led a number of life science companies: Octagon Research Solutions, Inc., a software and services provider to biopharmaceutical companies (acquired by Accenture plc); Trigenesis Therapeutics, Inc., a specialty dermatology company where he served as Chief Medical Officer (acquired by Dr. Reddy's Laboratories Ltd); Cutix Inc., a commercial dermatology company that markets PreSun®, a sunscreen brand acquired from Bristol-Myers Squibb Co. He began his pharmaceutical industry career at Johnson and Johnson, Inc. Dr. Walker currently is on the Board of Directors of Sebacia, Inc and Follica, Inc (Executive Chairman). Dr. Walker previously served on the Board of Directors for Octagon, a contract research organization. He is also on the Advisory Board of Flexible Medical Systems LLC, a privately held medical device company. Dr. Walker received his MBA from The Wharton School, University of Pennsylvania, his D.O. from Philadelphia College of Osteopathic Medicine and a B.A. in Biology from Lehigh University. Dr. Walker's experience as a founder of two private pharmaceutical firms, strong background in clinical and product development in dermatology and other fields, and substantial knowledge of the pharmaceutical industry contributed to our conclusion that he should serve as a director of our company.

Jesse I. Treu, Ph.D. has served on our board of directors since June 2013. Dr. Treu has been a Managing Member of Domain Associates, L.L.C. since its inception in 1986. He has been a director of over 35 early-stage healthcare companies. Dr. Treu currently serves as a member of the boards of directors of Afferent Pharmaceuticals, Inc., CoLucid Pharmaceuticals, Inc., Regado Biosciences, Inc., Tandem Diabetes Care, Inc., RightCare Solutions, Inc. and Veracyte, Inc. He has also served as a founder, president and chairman of numerous venture-stage companies. Prior to the formation of Domain Associates, Dr. Treu had twelve years of experience in the healthcare industry. He was Vice President of the predecessor organization to The Wilkerson Group and its venture capital arm, CW Ventures. While at CW Ventures, he served as President and CEO of Microsonics, Inc., a pioneer in computer image processing for cardiology. From 1977 through 1982, Dr. Treu led new product development and marketing planning for immunoassay and histopathology products at Technicon Corporation, which is now part of Siemens Diagnostics. Dr. Treu began his career with General Electric Company in 1973, initially as a research scientist developing thin film optical sensors for immunoassay testing, and later serving on the corporate staff with responsibility for technology assessment and strategic planning. Dr. Treu received his B.S. in Physics from Rensselaer Polytechnic Institute and his M.A. and Ph.D. in physics from Princeton University. Dr. Treu's extensive knowledge of our business and history, experience as a board member of multiple publicly-traded and privately-held companies and expertise in developing and financing contributed to our conclusion that he should serve as a director of our company.

Board of Directors

Members of our board of directors are elected at our annual meeting of stockholders.

Independent Directors

Our board of directors is currently composed of seven (7) members. Drs. Walker, Treu and Phillips, and Mr. Clarke and Mr. Joyce qualify as independent directors in accordance with the published listing requirements of NASDAQ. The independent members of our board of directors also will hold separate regularly scheduled executive session meetings at which only independent directors are present.

Classified Board

Immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- The Class I directors will be Drs. Treu and Bronstein, and their terms will expire at the annual meeting of stockholders to be held in 2015;
- The Class II directors will be Drs. Walker and Phillips, and their terms will expire at the annual meeting of stockholders to be held in 2016; and
- The Class III directors will be Dr. Brady, Mr. Joyce and Mr. Clarke, and their terms will expire at the annual meeting of stockholders to be held in 2017.

The authorized number of directors may be changed only by resolution of the board of directors. This classification of the board of directors into three classes with staggered three-year terms may have the effect of delaying or preventing changes in our control or management.

Board Leadership Structure

Our board of directors is currently led by its chairman, Mr. Clarke. Our board of directors recognizes that it is important to determine an optimal board leadership structure to ensure the independent oversight of management as the company continues to grow. We separate the roles of chief executive officer and chairman of the board in recognition of the differences between the two roles. The chief executive officer is responsible for setting the strategic direction for the company and the day-to-day leadership and performance of the company, while the chairman of the board of directors provides guidance to the chief executive officer and presides over meetings of the full board of directors. We believe that this separation of responsibilities provides a balanced approach to managing the board of directors and overseeing the company.

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

Role of Board in Risk Oversight Process

Our board of directors has responsibility for the oversight of the company's risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board to understand the company's risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The audit committee reviews information regarding liquidity and operations, and oversees our management of financial risks. Periodically, the audit committee reviews our policies with respect to risk assessment, risk management, loss prevention and regulatory compliance. Oversight by the audit committee includes direct communication with our external auditors, and discussions with management regarding significant risk exposures and the actions management has taken to limit, monitor or control such exposures. The compensation committee is responsible for assessing whether any of our compensation policies or programs has the potential to encourage excessive risk-taking. The nominating/corporate governance committee manages risks associated with the independence of the board, corporate disclosure practices, and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board is regularly informed through committee reports about such risks. Matters of significant strategic risk are considered by our board as a whole.

Corporate Governance

We believe our corporate governance initiatives comply with the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) and the rules and regulations of the SEC adopted thereunder. In addition, we believe our corporate governance initiatives comply with the rules of The NASDAQ Capital Market. After this offering, our board of directors will continue to evaluate our corporate governance principles and policies.

Our board of directors adopted a code of business conduct that applies to each of our directors, officers and employees. The code addresses various topics, including:

- compliance with applicable laws, rules and regulations;
- conflicts of interest;
- public disclosure of information;
- insider trading;
- corporate opportunities;
- competition and fair dealing;
- gifts;
- discrimination, harassment and retaliation;
- health and safety;
- record-keeping;
- confidentiality;
- protection and proper use of company assets;
- payments to government personnel; and
- reporting illegal and unethical behavior.

The code of business conduct is posted on our website. Any waiver of the code of business conduct for an executive officer or director may be granted only by our board of directors or a committee thereof and must be timely disclosed as required by applicable law. We have implemented whistleblower procedures that establish format protocols for receiving and handling complaints from employees. Any concerns regarding accounting or auditing matters reported under these procedures will be communicated promptly to the audit committee.

Board Committees

We have established an audit committee, a compensation committee and a nominating and corporate governance committee. Prior to the completion of this offering, the composition of these committees will meet the criteria for independence under, and the functioning of these committees will comply with the applicable requirements of SOX, the current rules of The NASDAQ Capital Market and SEC rules and regulations. We intend to comply with future requirements as they become applicable to us. Each committee has the composition and responsibilities described below.

Audit Committee

In October 2013, our board of directors established an audit committee of the board, which is currently comprised of Martin J. Joyce, Gary Phillips, M.D. and Neal Walker, D.O., each of whom is a non-employee member of the board of directors. Mr. Joyce serves as the chair of the audit committee. The audit committee's main function is to oversee our

accounting and financial reporting processes, internal systems of control, independent registered public accounting firm relationships and the audits of our financial statements. Pursuant to the audit committee charter, the functions of the committee include, among other things:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting and our disclosure controls and procedures;
- meeting independently with our registered public accounting firm and management;
- preparing the audit committee report required by SEC rules;
- reviewing and approving or ratifying any related person transactions; and
- overseeing our risk assessment and risk management policies.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and The NASDAQ Capital Market. Our board of directors has determined that Mr. Joyce is an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable NASDAQ rules and regulations.

Compensation Committee

In October 2013, our board of directors established a compensation committee of the board, which is currently comprised of Gary Phillips, M.D. and Martin J. Joyce. Dr. Phillips serves as the chair of the compensation committee. Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. Pursuant to the compensation committee charter, the functions of this committee include:

- evaluating the performance of our chief executive officer and determining the chief executive officer's salary and contingent compensation based on his or her performance and other relevant criteria;
- identifying the corporate and individual objectives governing the chief executive officer's compensation;
- in consultation with the chief executive officer, determining the compensation of our other officers;
- making recommendations to our board with respect to director compensation;
- reviewing and approving the terms of material agreements with our executive officers;
- overseeing and administering our equity incentive plans and employee benefit plans;
- reviewing and approving policies and procedures relating to the perquisites and expense accounts of our executive officers;
- if and as applicable, furnishing the annual compensation committee report required by SEC rules; and
- conducting a review of executive officer succession planning, as necessary, reporting its findings and recommendations to our board of directors, and working with the Board in evaluating potential successors to executive officer positions.

Our board of directors has determined that each of Gary Phillips, M.D. and Martin J. Joyce is independent under the applicable rules and regulations of The NASDAQ Capital Market, is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and is an "outside director" as that term is defined in Section 162(m) of the United States Internal Revenue Code of 1986, as amended, or Section 162(m).

Nominating and Corporate Governance Committee

In October 2013, our board of directors established a nominating and corporate governance committee of the board, which is currently comprised of Jesse Treu, Ph.D. and Mr. Clarke. Dr. Treu serves as the chair of the nominating and corporate governance committee. Pursuant to the nominating and corporate governance committee charter, the functions of this committee include, among other things:

- identifying, evaluating, and making recommendations to our board of directors and our stockholders concerning nominees for election to our board, to each of the board's committees and as committee chairs;
- annually reviewing the performance and effectiveness of our board and developing and overseeing a performance evaluation process;
- annually evaluating the performance of management, the board and each board committee against their duties and responsibilities relating to corporate governance;
- annually evaluating adequacy of our corporate governance structure, policies, and procedures; and
- providing reports to our board regarding the committee's nominations for election to the board and its committees.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has in the past served as an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Limitations on Liability and Indemnification Matters

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

2013 Director Compensation Table

During our fiscal year ended December 31, 2013, we did not pay any cash fees, make any non-equity awards, or pay any other non-equity compensation, to the non-employee members of our board directors. Dr. Brady, our president and chief executive officer, receives no compensation for his service as a director and is not included in the table below.

The table below shows the value of option awards granted to our non-employee director during our fiscal year ended December 31, 2013:

Name	Option Awards ($)(4)(5)(6)
Ben Bronstein, M.D.	99,107
Martin J. Joyce (1)	-
Boyd Clarke (1)	-
Gary Phillips, M.D.	56,110
Jesse Treu, Ph.D. (2)	-
Neal Walker, D.O. (2)	99,027
Asish Xavier (3)	-

(1)Messrs. Joyce and Clarke joined our board of directors effective October 2013.

(2)Drs. Treu and Walker joined our board of directors effective June 2013.

(3)Mr. Xavier resigned from our board of directors effective October 2013.

(4)The amounts in this column represent the aggregate grant date fair value of option awards granted to the director during our fiscal year ended December 31, 2013, computed in accordance with FASB ASC Topic 718. See Note 2 to our financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards.

(5)As of December 31, 2013, Drs. Bronstein, Phillips and Walker each held outstanding options to purchase 9,604 shares of our common stock and Messrs. Joyce, Clarke and Xavier, and Dr. Treu held no outstanding options to purchase shares of our common stock.

(6)On September 8, 2013, each of Drs. Bronstein and Walker received an option to purchase 9,604 shares of our common stock, and Dr. Phillips received an option to purchase 5,437 shares of our common stock, at an exercise price per share of $0.552. These options vest in equal monthly installments over 48 months of service following January 1, 2012, with respect to Drs. Bronstein and Phillips and following June 24, 2013, with respect to Dr. Walker. In addition, all of the options shares will immediately vest if we experience a change of control.

Non-Employee Director Compensation

Prior to this offering, we generally have not provided any cash compensation to our non-employee directors for their service on our board of directors or committees of our board of directors. Although we granted an option to each of Drs. Bronstein, Phillips and Walker, as reflected in the table above, we have not had any established policy with regard to equity-based compensation of members of our board of directors.

On the effective date of the registration statement of which this prospectus is a part, each of our non-employee directors will be granted an option to purchase 12,166 shares of our common stock (other than the chairman of the board of directors, who will be granted an option to purchase 18,250 shares of common stock) with an exercise price per share equal to the initial public offering price listed on the cover of this prospectus. Each of these options will vest in three equal annual installments following the date of the grant, and each shall provide for full acceleration in the event of a change of control.

Following the effectiveness of this offering, each member of our board of directors who is not our employee will receive the following cash compensation for board services, as applicable:

- $17,500 per year for service as a board of directors member;
- $17,500 per year for service as chairman of the board of directors.
- $7,500 per year for service as chairman of the Audit Committee;
- $5,000 per year for service as chairman of the Compensation Committee;
- $3,500 per year for service as chairman of the Nominating and Corporate Governance Committee;
- $3,750 per year for service as non-chairman member of the Audit Committee;
- $2,500 per year for service as non-chairman member of the Compensation Committee; and
- $1,750 per year for service as non-chairman member of the Nominating and Corporate Governance Committee.

Non-employee members of our board of directors will also receive automatic grants of non-statutory stock options under our 2013 Equity Incentive Plan. For purposes of our automatic director grant program, a non-employee director is a director who is not employed by us and who does not receive compensation from us or have a business relationship with us that would require disclosure under certain Securities and Exchange Commission rules. Each non-employee director joining our Board of Directors will automatically be granted a non-statutory stock option to purchase 12,166 shares of common stock with an exercise price equal to the fair market value of our common stock on the grant date. This initial option will vest ratably in annual installments over 3 years of service following the date of grant.

In addition, on the date of each annual meeting of our stockholders, each non-employee director will automatically be granted a non-statutory stock option to purchase 6,083 shares of our common stock on that date with an exercise price equal to the fair market value of our common stock on the grant date. A non-employee director who receives an initial award will not receive the additional annual award in the same calendar year. Automatic annual grants vest in full on the one-year anniversary of the grant date.

If we are subject to a change in control, then all of the director's automatic grants will become fully vested. All automatic director options have a maximum term of ten years.

We will also reimburse our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

EXECUTIVE COMPENSATION

This section discusses the material components of the compensation paid to certain of our executive officers, which we refer to as our named executive officers. For our fiscal years ended December 31, 2012 and December 31, 2013, our named executive officers and their positions were:

- Todd C. Brady, M.D., Ph.D., President and Chief Executive Officer
- Scott L. Young, Chief Operating Officer

Summary Compensation Table

The following table sets forth information concerning the compensation of Mr. Young during our fiscal years ended December 31, 2012 and December 31, 2013 and the compensation of Dr. Brady during our fiscal year ended December 31, 2013. Dr. Brady received no compensation from us in fiscal year 2012.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(3)	Option Awards ($)(3)	All Other Compensation ($)(5)	Total ($)
Todd C. Brady, M.D., Ph. D.						
President and Chief Executive Officer	2013	70,833	136,732	3,480,256(4)	-	3,687,821
Scott L. Young						
Chief Operating Officer	2012	326,078(1)	-	72,168	18,774	417,020
	2013	300,000(2)	-	1,240,727(4)	30,410	1,571,137

(1)Represents amounts paid to Mr. Young pursuant to his consulting agreement with us.

(2)Includes $267,910 paid to Mr. Young pursuant to his consulting agreement with us.

(3)The amounts in this column represent the aggregate grant date fair value of option awards or stock awards granted to the officer in the applicable fiscal year, computed in accordance with FASB ASC Topic 718. See Note 2 to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards. In accordance with SEC rules, the grant date fair value of an award subject to performance conditions is based on the probable outcome of the conditions.

(4)Amount reflects the probable achievement of performance conditions applicable to 48,021 of the option shares granted to each of Mr. Young and Dr. Brady. The maximum grant date fair value of these awards, assuming all of the performance conditions were to be achieved, was $1,483,317 for Mr. Young and $3,722,846 for Dr. Brady.

(5)Represents $34,429 to reimburse Mr. Young for medical and dental insurance premiums he paid and $14,755 to reimburse Mr. Young with respect to taxes incurred (by way of a gross-up) with respect to such payments.

Narrative Disclosure to Compensation Tables

Employment Letters

In November 2013, we entered into a letter agreement with Dr. Brady that will become effective on the effective date of this registration statement. We and Dr. Brady amended such letter agreement in February 2014. Pursuant to such letter, Dr. Brady's annual base salary will increase from $340,000 to $400,000 and his cash bonus opportunity for each of our fiscal years will increase from 30% to 45% of his base salary. Such letter agreement supersedes in its entirety our offer letter with Dr. Brady that became effective on August 1, 2013.

In November 2013, we entered into a letter agreement with Mr. Young that will become effective on the effective date of this registration statement. We and Mr. Young amended such letter agreement in February 2014. Pursuant to such letter, Mr. Young's annual base salary will increase from $300,000 to $315,000 and his cash bonus opportunity for each of our fiscal years will increase from 25% to 35% of his base salary. Such letter agreement supersedes in its entirety our offer letter with Mr. Young that became effective on July 15, 2013.

The cash bonus for each of Dr. Brady and Mr. Young is determined solely at the discretion of our Board of Directors based on the executive's job performance and our overall financial performance. Any bonus earned will be paid within 2 ½ months after the end of our fiscal year. Except as described below under "Severance and Change in Control Benefits," each of Dr. Brady and Mr. Young must remain employed with us through the date of payment to receive a bonus.

Each of our named executive officers is eligible to receive certain benefits in the event of a change in control or if his employment is terminated under certain circumstances, as described under "Severance and Change in Control Benefits" below.

Equity Compensation

We offer stock options and restricted shares to our named executive officers as the long-term incentive component of our compensation program. We typically grant equity awards to new hires upon their commencing employment with us. Stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for United States federal income tax purposes. In the past, our board of directors has determined the fair market value of our common stock based upon inputs including valuation reports prepared by third-party valuation firms. Generally, the equity awards we grant vest in equal monthly installments over 48 months, subject to the employee's continued employment with us on the vesting date. We also generally offer our employees the opportunity to "early exercise" their unvested stock options by purchasing shares underlying the unvested portion of an option subject to our right to repurchase any unvested shares for the lesser of the exercise price paid for the shares and the fair market value of the shares on the date of the holder's termination of service if the employee's service with us terminates prior to the date on which the options are fully vested.

In September 2013, our board of directors, and in October 2013, our compensation committee, granted or approved stock options to each of our named executive officers, as well as to a number of our other employees. The grants to our named executive officers were intended to strengthen the long-term component of each such officer's compensation, provide further retention incentive for these officers. Except as noted below, such options were granted under our 2010 Employee, Director and Consultant Equity Incentive Plan (our 2010 Plan):

Name	Grant Date	Number of Shares Underlying Option Grants	Exercise Price ($)
Todd C. Brady, M.D., Ph.D.	9/8/2013	192,084 (1)	0.552
	9/8/2013	48,021 (2)	0.552
	9/8/2013	32,953 (3)	0.552
	10/30/2013	96,042 (4)	4.56
	Effective date of this offering	76,068 (5)	Offering price
Scott L. Young	9/8/2013	96,042 (6)	0.552
	9/8/2013	48,021(2)	0.552

(1) Option vests over four years of service from April 15, 2013, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.

(2) As amended by our compensation committee in October 2013, 16,007 of the shares vest upon each of the effective date of this offering, the date on which our closing market capitalization equals at least $55.0 million for 10 consecutive trading days and the date on which our closing market capitalization equals at least $70.0 million for 10 consecutive trading days, provided that the officer remains in continuous service with us through each such date.

(3) Option vested in equal monthly installments over six months of service following April 1, 2013.

(4) Option vests in equal quarterly installments over four years of service following October 30, 2013.

(5) Option vests in equal quarterly installments over four years of service following the effective date of this offering. The option will be granted under our 2013 Equity Incentive Plan.

(6) Option vests over four years of service from April 15, 2013, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.

In addition, on September 8, 2013 our board of directors granted 12,948 fully vested shares of stock to Dr. Brady under our 2010 Plan. This grant was made in recognition of Dr. Brady's services previously provided to the Company during 2012. Dr. Brady subsequently transferred 10,358 of such shares to Domain Associates LLC, which had previously employed Dr. Brady for a period of time while Dr. Brady provided services to us an executive officer.

As discussed below under "Severance and Change in Control Benefits," stock options granted to our named executive officers are generally subject to accelerated vesting in the event such officer is subject to an involuntary termination or if we experience a change in control.

Outstanding Equity Awards at 2013 Fiscal Year-End

The following tables shows certain information regarding outstanding equity awards held by our named executive officers as of December 31, 2013.

Except as indicated in the footnotes below, options granted to our named executive officers are generally immediately exercisable with respect to all of the option shares (whether vested or unvested), subject to our repurchase right in the event that the executive's service terminates before vesting in such shares. For information regarding the vesting acceleration provisions applicable to the options held by our named executive officers, please see "Severance and Change in Control Benefits" below.

		Option Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Vested	Number of Securities Underlying Unexercised Options (#) Unvested	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Todd C. Brady	9/8/2013	-(1)	192,084	-	0.552	9/7/2023
	9/8/2013	32,953(2)	-	-	0.552	9/7/2023
	9/8/2013	-	-	48,021(5)	0.552	9/7/2023
	10/30/2013	-(3)	96,042	-	4.56	10/29/2023
Scott L. Young	6/22/2012	14,347(4)	14,348	-	3.24	6/21/2022
	9/8/2013	-(1)	96,042	-	0.552	9/7/2023
	9/8/2013	-	-	48,021(5)	0.552	9/7/2023

(1) Option vests over four years of service following April 15, 2013, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.

(2) Option vested in equal monthly installments over six months of service following April 1, 2013.

(3) Option vests in equal quarterly installments over four years of service following October 30, 2013.

(4) Option vests over four years of service following January 1, 2012, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.

(5) 16,007 of the shares vest upon each of the effective date of this offering, the date on which our closing market capitalization equals at least $55.0 million for 10 consecutive trading days and the date on which our closing market capitalization equals at least $70.0 million for 10 consecutive trading days, provided that the officer remains in continuous service with us through each such date.

Severance and Change in Control Benefits

Pursuant to their November 2013 letter agreements, as amended in February 2014, if we terminate the employment of Dr. Brady or Mr. Young without cause or if such executive resigns for good reason, then he will be eligible to receive:

- continued payment of base salary for 12 months;
- a lump-sum cash payment equal to the greater of such executive's target bonus for the year in which such termination occurs or the actual bonus paid to the executive with respect to our most recently completed fiscal year;
- payment by us of the monthly premiums under COBRA for such executive and their eligible dependents for up to 12 months following the termination of such executive's employment; and
- accelerated vesting and exercisability with respect to all equity or equity-based awards held by such executive officer as if such executive officer has completed an additional 12 months of service with us, and up to 12 months following such termination to exercise any then-outstanding stock options or stock appreciation rights.

Such payments are contingent on the officer's executing and not revoking a release of claims against us.

"Cause" means an officer's:

- unauthorized use or disclosure of our confidential information or trade secrets;
- material breach of any agreement with us;
- material failure to comply with our written policies or rules;
- conviction of, or plea of "guilty" or "no contest" to, a felony;
- gross negligence or willful misconduct;
- continuing failure to perform assigned duties after receiving written notification of such failure from our board of directors; or
- failure to cooperate in good faith with a governmental or internal investigation of us or our directors, officers or employees if such cooperation has been requested.

"Good Reason" means a resignation within 12 months after one of the following conditions has come into existence with the officer's consent, but only if such officer has provided us with written notice of such condition within 90 days after it has come into existence and we have failed to cure such condition within 30 days after we receive such notice:

- a reduction in such executive officer's base salary or target bonus by more than 10%;
- a material reduction of such executive officer's authority, duties or responsibilities; or
- a relocation of such executive officer's principal workplace by more than 50 miles.

In addition, in the event that we are subject to a change in control, all of the equity or equity-based awards granted to each of our named executive officers will become fully vested and exercisable other than the option to purchase 28,695 shares granted to Mr. Young in 2012, which will so accelerate only upon his involuntary termination within 12 months of such change in control. A "change in control" means the consummation of a transaction in which any person acquires 50% or more of our voting stock; a sale of all or substantially all of our assets; our merger or consolidation; or replacement of a majority the members of our board of directors.

Employee Benefits and Perquisites

Our named executive officers will be eligible to participate in our health and welfare plans to the same extent as all full-time employees. We do not provide our named executive officers with perquisites or other personal benefits other than reimbursement of their healthcare premiums (prior to our offering health plans), as described in the Summary Compensation Table.

Equity Plans

2013 Equity Incentive Plan

Our board of directors adopted our 2013 Equity Incentive Plan (the 2013 Plan) in October 2013, and we expect our stockholders to approve the 2013 Plan prior to the completion of this offering. The 2013 Plan became effective immediately on adoption although no awards may be made under it until the effective date of the registration statement of which this prospectus is a part. Our 2013 Plan will replace our 2010 Plan (described below), and no further grants will be made under such plan following this offering. However, options outstanding under the 2010 Plan and our 2004 Plan (as described below) will continue to be governed by their existing terms.

Share Reserve. The number of shares of our common stock available for issuance under our 2013 Plan will equal 625,000 shares. The number of shares reserved for issuance under the 2013 Plan will be increased automatically on January 1 of each year during the term of the plan, starting with 2015, by a number equal to the smallest of:

- 333,333 shares;
- 4.00% of the shares of common stock outstanding on December 31 of the prior year ; or
- the number of shares determined by our board of directors.

In general, if awards under the 2013 Plan are forfeited, terminate, expire or lapse without the issuance of shares, if we repurchase shares issued under the 2013 Plan, if shares are applied to pay the exercise or purchase price of an award or are withheld to satisfy tax obligations with respect to any award, then such shares will again become available for awards. All share numbers described in this summary of the 2013 Plan will automatically adjust in the event of a stock split, a stock dividend, or a reverse stock split.

Administration. Our compensation committee administers the 2013 Plan. The committee has complete discretion to make all decisions relating to the 2013 Plan and outstanding awards, including repricing outstanding options and modifying outstanding awards.

Eligibility. Employees, non-employee directors and consultants are eligible to participate in our 2013 Plan.

Types of Award. Our 2013 Plan provides for the following types of awards:

- incentive and nonstatutory stock options;
- stock appreciation rights;
- direct award or sale of shares of our common stock;
- stock units; and
- performance cash awards.

Options and Stock Appreciation Rights. The exercise price for options granted under the 2013 Plan may not be less than 100% of the fair market value of our common stock on the grant date. Optionees may pay the exercise price in cash or, with the consent of the compensation committee and as set forth in the applicable agreement:

- with shares of common stock that are already owned;
- by an immediate sale of the shares acquired through a broker approved by us;

- through a net exercise procedure;
- through tender of a promissory note; or
- by other methods permitted by applicable law.

A participant who exercises a stock appreciation right receives the increase in value of our common stock over the base price. The base price for stock appreciation rights may not be less than 100% of the fair market value of our common stock on the grant date. The settlement value of a stock appreciation right may be paid in cash or shares of common stock or a combination of both.

Options and stock appreciation rights vest at the time or times determined by the compensation committee. In most cases, they will vest over a four-year period following the date of grant. Options and stock appreciation rights also expire at the time determined by the compensation committee but in no event more than 10 years after they are granted. These awards generally expire earlier if the participant's service terminates earlier. No participant may be granted stock options and stock appreciation rights covering more than 250,000 shares during any single fiscal year, other than to a new employee in the fiscal year in which service commences.

Restricted Shares and Stock Units. Restricted shares and stock units may be awarded under the 2013 Plan in return for any lawful consideration (and as set forth in the applicable award agreement), and participants who receive restricted shares or stock units generally are not required to pay for their awards in cash. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones, or a combination of both, as determined by the compensation committee. No participant may be granted awards of restricted shares and stock units covering more than 250,000 shares during any single fiscal year, other than to a new employee in the fiscal year in which service commences. This annual limit is in addition to any stock options and stock appreciation rights the participant may receive during a fiscal year. Settlement of vested stock units may be made in the form of cash, shares of common stock, or a combination of both.

Performance Cash Awards. Performance cash awards may be granted under the 2013 Plan that qualify as performance-based compensation that is not subject to the income tax deductibility limitations imposed by Section 162(m) of the Code, if the award is approved by our compensation committee and the grant or vesting of the award is tied solely to the attainment of performance goals during a designated performance period. No participant may be paid more than $6.0 million in cash in any fiscal year pursuant to a performance cash award granted under the 2013 Plan.

Performance goals for the grant or vesting of awards under the 2013 Plan include earnings (before or after taxes); earnings per share; earnings before interest, taxes, depreciation and amortization; total stockholder return; stockholders equity or return on equity or average stockholders' equity; return on assets, investment or capital employed; operating income; gross margin; operating margin; net operating income (before or after taxes); return on operating revenue; specified levels or changes in sales or revenue; expense or cost reduction; working capital; economic value added; market share; cash flow; operating cash flow; cash flow per share; share price; debt reduction; customer satisfaction; contract awards or backlog; or other objective corporate or individual strategic or individual performance goals. To the extent a performance award is not intended to comply with Section 162(m) of the Code, the compensation committee may select other measures of performance.

Corporate Transactions. In the event we are a party to a merger, consolidation or a change in control transaction, outstanding awards granted under the 2013 Plan, and all shares acquired under the plan, will be subject to the terms of the definitive transaction agreement (or, if there is no such agreement, as determined by our compensation committee. Unless an award agreement provides otherwise, such treatment shall include (without limitation) any of the following with respect to each outstanding award:

- the continuation, assumption or substitution of an award by us or the surviving entity or its parent;
- the cancellation of options and stock appreciation rights without payment of any consideration;
- the cancellation of the awards in exchange for a payment equal to the product of the number of shares subject to the award multiplied by the excess, if any, of the per stock value of property that a holder of our

common stock receives in the transaction over (if applicable) the exercise price of such award. Such payments may be subject to vesting based on a participant's continued service; or

- the assignment of any repurchase, forfeiture or reacquisition rights in favor of us to the surviving entity or its parent.

The compensation committee has the discretion to provide that an award granted under the 2013 Plan will vest on an accelerated basis if a change in control of our company occurs or if the participant is subject to an involuntary termination, either at the time such award is granted or afterward.

A change in control includes:

- our merger or consolidation with or into another entity after which our stockholders own 50% or less of the voting power of the stock of the surviving entity or its parent;
- a sale or other disposition of all or substantially all of our assets; or
- an acquisition of more than 50% of our outstanding voting stock by any person or group.

The compensation committee is not required to treat all awards, or portions thereof, in the same manner.

Changes in Capitalization. In the event that there is a change in the capital structure of our common stock, such as a stock split, reverse stock split, or dividend paid in common stock, proportionate adjustments will automatically be made to the kind and maximum number of shares:

- reserved for issuance under the 2013 Plan;
- by which the share reserve may increase automatically each year;
- subject to stock awards that can be granted to a participant in a year (as established under the 2013 Plan pursuant to Section 162(m) of the Code);
- that may be issued upon the exercise of incentive stock options; and
- covered by each outstanding option, stock appreciation right and stock unit, the exercise price applicable to each outstanding option and stock appreciation right, and the repurchase price, if any, applicable to restricted shares.

In the event that there is a declaration of an extraordinary dividend payable in a form other than our common stock in an amount that has a material effect on the price of our common stock, a recapitalization, a spin-off or a similar occurrence, the compensation committee may make such adjustments as it deems appropriate, in its sole discretion, to one or more of the foregoing.

Amendments or Termination. Our board of directors may amend or terminate the 2013 Plan at any time and for any or no reason. If our board of directors amends the 2013 Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law or exchange listing requirements. The 2013 Plan will continue in effect for 10 years, unless our board of directors decides to terminate the plan earlier or unless our board of directors and stockholders later approve an extension of this term.

2010 Employee, Director and Consultant Equity Incentive Plan

Our board of directors adopted our 2010 Employee, Director and Consultant Equity Incentive Plan, or 2010 Plan, in September 2010, and it has been approved by our stockholders. The 2010 Plan became effective on adoption and replaced our 2004 Plan (described below). No further awards will be made under our 2010 Plan following the completion of this offering; however, awards outstanding under our 2010 Plan will continue to be governed by their existing terms.

Share Reserve. Up to 681,788 shares of our common stock have been reserved for issuance under the 2010 Plan, including 194,726 shares subject to awards under our 2004 Plan (described below) that are forfeited, expire or are cancelled or

which result in the forfeiture of shares back to the Company. As of December 31, 2013, options to purchase 585,888 shares of common stock at exercise prices ranging from $0.552 to $4.56 per share, or a weighted average exercise price of $1.408 per share, remained outstanding under the 2010 Plan, and 14,649 shares of common stock remained available for future issuance under the 2010 Plan. Shares subject to awards that cease to be outstanding, or shares that the Company reacquires at not more than the original issuance price, generally again become available for issuance under the 2010 Plan.

Administration. Our board of directors administers the 2010 Plan. The board of directors has complete discretion to make all decisions relating to the plan and outstanding awards, including repricing outstanding options and modifying outstanding awards.

Eligibility. Employees, non-employee members of our board of directors and consultants are eligible to participate in our 2010 Plan.

Types of Awards. Our 2010 Plan provides for the following types of awards:

- incentive and nonstatutory stock options;
- direct award or sale of shares of our common stock; and
- other stock-based awards.

Terms of Awards. Subject to the terms of the 2010 Plan, the plan administrator determines the terms of all awards.

The exercise price for options granted under the 2010 Plan may not be less than 100% of the fair market value of our common stock on the grant date; however, the exercise price for an incentive stock option granted to a holder of more than 10% of our stock may not be less than 110% of such fair market value on the grant date. Options are generally transferable only by beneficiary designation, a will or the laws of descent and distribution; however, the board of directors may permit the transfer of stock options other than for value. The term of options granted under the 2010 Plan may not exceed ten years and will generally expire sooner if the optionee's service terminates. Options vest at the times determined by the board of directors, which has generally been four years following the date of grant.

Shares may be awarded under the 2010 Plan in consideration for services rendered to us or sold under the 2010 Plan. Shares awarded or sold under the 2010 Plan may be fully vested at grant or subject to special forfeiture conditions or rights of repurchase, as determined by our board of directors.

Participants may pay the exercise price for options, or the purchase price for shares (if applicable) in cash or check, or at the discretion of the plan administrator, by tendering shares of common stock already owned; through a net exercise procedure; by tender of a promissory note; or any combination of the above.

Corporate Transactions. In the event that we are a party to a merger, consolidation, or sale of all or substantially all of our assets, all outstanding options and share awards shall be subject to one of the following actions:

- the substitution of an award by the surviving entity or its parent;
- the cancellation of any portion of an option not exercised without payment of any consideration; or
- the cancellation of the vested portion of outstanding options or share awards in exchange for a payment per share equal to the excess, if any, of (a) the consideration payable in such transaction to a holder of shares of common stock over (b) the per share exercise or purchase price of the award.

Our board of directors may, in its discretion, accelerate the vesting of any or all portions of outstanding awards. Our board of directors is not obligated to treat all awards in the same manner.

Stock Dividends and Stock Splits. All share numbers described in this summary of the 2010 Plan will automatically adjust in the event of a stock split, a stock dividend, or a reverse stock split. In addition, the number of shares subject to awards, and the exercise or purchase price applicable to such awards, will be appropriately adjusted in the event of such change in capitalization.

Amendments or Termination. Our board of directors may, at any time and for any reason, amend the 2010 Plan. If our board of directors amends the plan, it does not need to ask for stockholder approval of the amendment unless our board of directors determines such approval is necessary. The 2010 Plan will terminate automatically on September 28, 2020 unless terminated earlier by either our stockholders or our board of directors.

2004 Employee, Director and Consultant Stock Plan

Our board of directors adopted our 2004 Employee, Director and Consultant Stock Plan, or 2004 Plan, in August 2004 and it has been approved by our stockholders. The 2004 Plan became effective on adoption and terminated automatically on August 13, 2010; however, awards outstanding under our 2004 Plan continue to be governed by their existing terms.

Share Reserve. As of December 31, 2013, options to purchase 23,954 shares of common stock at an average weighted exercise price of $3.24 per share, remained outstanding under the 2004 Plan.

Administration. The board of directors administers the 2004 Stock Plan. The board of directors has complete discretion to make all decisions relating to the plan and outstanding awards, including repricing outstanding options and modifying outstanding awards.

Eligibility. Employees, non-employee members of our board of directors and consultants are eligible to participate in our 2004 Plan.

Types of Awards. Our 2004 Plan provides for the following types of awards:

- incentive and nonstatutory stock options; and
- direct award or sale of shares of our common stock.

Terms of Awards. Subject to the terms of the 2004 Plan, the plan administrator determines the terms of all awards. The exercise price for incentive stock options granted under the 2004 Plan may not be less than 100% of the fair market value of our common stock on the grant date; The exercise price for nonstatutory stock options granted under the 2004 Plan may not be less than the par value of our common stock. Options are generally transferable only by beneficiary designation, a will or the laws of descent and distribution; however, the board of directors may permit the transfer of stock options other than for value. The term of options granted under the 2004 Plan may not exceed seven years and will generally expire sooner if the optionee's service terminates. Options vest at the times determined by the board of directors, which has generally been four years following the date of grant.

Shares may be awarded under the 2004 Plan in consideration for services rendered to us or sold under the 2004 Plan. Shares awarded or sold under the 2004 Plan may be fully vested at grant or subject to special forfeiture conditions or rights of repurchase, as determined by our board of directors.

Participants may pay the exercise price for options, or the purchase price for shares (if applicable) in cash or check, or at the discretion of the plan administrator, by tendering shares of common stock already owned; by tender of a promissory note; through a cashless exercise program established with a securities brokerage firm; or through any combination of the above.

Corporate Transactions. In the event that we are a party to a merger, consolidation, or sale of all or substantially all of our assets, all outstanding options and share awards shall be subject to one of the following actions:

- the substitution of an award by the surviving entity or its parent;
- the cancellation of any portion of an option not exercised (or, with respect to a share award, cancellation of any portion of such award not accepted) without payment of any consideration; or
- the cancellation of the vested portion of outstanding options or share awards in exchange for a payment per share equal to the excess, if any, of (a) the consideration payable in such transaction to a holder of shares of common stock over (b) the per share exercise or purchase price (if any) of the award.

Our board of directors may, in its discretion, accelerate the vesting of any or all portions of outstanding awards. Our board of directors is not obligated to treat all awards in the same manner.

Changes in Capitalization. All share numbers described in this summary of the 2004 Plan will automatically adjust in the event of a stock split, a stock dividend, or a reverse stock split. In addition, the number of shares subject to awards, and the exercise or purchase price applicable to such awards, will be appropriately adjusted in the event of such change in capitalization.

Amendments or Termination. Our board of directors may, at any time and for any reason, amend the 2004 Plan. If our board of directors amends the plan, it does not need to ask for stockholder approval of the amendment unless our board of directors determines such approval is necessary. The 2004 Plan terminated automatically on August 13, 2010.

Limitations of Liability and Indemnification Matters

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law, which prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that if Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that we shall have the power to indemnify our employees and agents to the fullest extent permitted by law. Our amended and restated bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether our amended and restated bylaws would permit indemnification. We have obtained directors' and officers' liability insurance.

Prior to the consummation of this offering, we expect to enter into separate indemnification agreements with our directors and executive officers, in addition to indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws. These agreements, among other things, will provide for indemnification of our directors and executive officers for certain expenses, judgments, fines and settlement amounts, among others, incurred by such person in any action or proceeding arising out of such person's services as a director or executive officer in any capacity with respect to any employee benefit plan or as a director, partner, trustee or agent of another entity at our request. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers.

The above description of the indemnification provisions of our amended and restated certificate of incorporation, our amended and restated bylaws and our indemnification agreements is not complete and is qualified in its entirety by reference to these documents, each of which is incorporated by reference as an exhibit to this registration statement.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay

the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2011 to which we have been a party, in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or beneficial owners of more than 5% of our convertible preferred stock or common stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest, other than compensation, termination and change-in-control arrangements, which are described under "Executive Compensation." We also describe below certain other transactions with our directors, executive officers and stockholders.

All of the transactions set forth below were approved by a majority of our board of directors, including a majority of the independent and disinterested members of our board of directors. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates are approved by the audit committee and a majority of the members of our board of directors, including a majority of the independent and disinterested members of our board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Preferred Stock Financings

In sales occurring in December of 2012 and August of 2013, we issued and sold to investors affiliated with Domain Associates, L.L.C. and Johnson & Johnson Development Corporation an aggregate of 1,316,681 shares of our Series B convertible preferred stock at a purchase price of $5.1588 per share and issued such investors warrants to purchase an aggregate of 193,842 shares of our Series B convertible preferred stock at an exercise price of $5.1588 per share, for aggregate consideration of approximately $6.8 million. We have entered into an agreement with the warrant holders whereby such holders have agreed to net exercise the warrants effective and contingent upon the consummation of this offering.

The following table summarizes the purchases of Series B convertible preferred stock by the beneficial holders of more than 5% of our capital stock or entities affiliated with them:

Stockholder	Aldeyra Director	Number of Voting Series B Shares	Number of Non-Voting Series B Shares
Entities affiliated with Domain Associates, LLC	Jesse Treu Ph.D.	755,263	—
Johnson & Johnson Development Corporation	(1)	427,591	133,827

(1) Asish Xavier, Ph.D., an affiliate of Johnson & Johnson Development Corporation, resigned as a director of the company in October 2013.

Some of our directors have previously been or are currently associated with our principal stockholders as indicated in the table below:

Director	Principal Stockholder
Todd C. Brady, M.D., Ph.D.	Previously affiliated with Domain Associates, L.L.C. and its affiliates
Jesse Treu, Ph.D.	Currently affiliated with Domain Associates, L.L.C. and its affiliates

Investors' Rights Agreement

In connection with the initial closing of the Series B convertible preferred stock financing described above, we entered into an amended and restated investors' rights agreement with the holders of all of our outstanding shares of convertible preferred stock, including entities affiliated with Domain Associates, L.L.C and Johnson & Johnson Development Corporation. Pursuant to this agreement, we granted such stockholders certain registration rights with respect to shares of our common stock and a right of first offer with respect to future issuances of the Company's securities. This agreement will terminate pursuant to its terms upon the consummation of this offering. For more information regarding this agreement, see "Description of Capital Stock—Registration Rights."

Voting Agreement

In connection with the initial closing of the Series B convertible preferred stock financing, along with certain holders of our common stock and certain holders of our convertible preferred stock, we entered into an amended and restated

voting agreement, which was amended in June 2013 and again in October 2013. Under the terms of the voting agreement, the parties have agreed, subject to certain conditions, to vote their shares so as to elect as directors the nominees designated by certain of our investors, including Domain Partners VI, L.P., which designated Jesse Treu, Ph.D. following the amendment to the voting agreement in June 2013 and Johnson & Johnson Development Corporation, which currently has not designated a director. In addition, the parties to the voting agreement have agreed, pursuant to the amendment executed in June 2013, to vote their shares so as to elect to our board of directors our Chief Executive Officer, who is currently Todd C. Brady, M.D., Ph.D., and additional at-large directors nominated by the holders of our common stock and the holders of our convertible preferred stock, voting together, who are currently Ben Bronstein, M.D., Neal Walker, D.O., Gary Phillips, M.D., Martin J. Joyce and C. Boyd Clarke. The voting agreement will terminate immediately prior to the completion of this offering.

Right of First Refusal and Co-sale Agreement

In connection with the initial closing of the Series A convertible preferred stock financing with certain holders of our common stock and certain holders of our convertible preferred stock, we entered into a right of first refusal and co-sale agreement. This agreement provides for rights of first refusal and co-sale relating to the shares of our common stock and common stock issuable upon conversion of the shares of convertible preferred stock held by the parties thereto. The right of first refusal and co-sale agreement will terminate immediately prior to the completion of this offering.

Convertible Promissory Note

In October 2013, we issued a convertible promissory note to Domain Partners VI, L.P., in a principal amount of $170,000, which was amended in February 2014 to extend its maturity date. The note accrues interest at a rate of 6% per annum, and will be converted into shares of Series B convertible preferred stock in June 2014 unless it is converted into shares of our capital stock prior to such time pursuant to its terms. The note provides that it shall convert in connection with a public offering of our securities and therefore immediately prior to the closing of this offering, the principal and accrued but unpaid interest on the note shall convert into shares of our common stock at a price per share equal to the initial public offering price per share for common stock listed on the cover page of this prospectus.

Employment Agreements

We have entered into offer letters with the following executive officers: Todd C. Brady, M.D., Ph.D., our President and Chief Executive Officer; and Scott L. Young, our Chief Operating Officer. For more information regarding these agreements, see the section of this prospectus entitled “Executive Compensation—Narrative Disclosure to Compensation Tables.”

Indemnification Agreements

Prior to the consummation of this offering, we expect to enter into separate indemnification agreements with our directors and executive officers, in addition to indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws. These agreements, among other things, will provide for indemnification of our directors and executive officers for certain expenses, judgments, fines and settlement amounts, among others, incurred by this person in any action or proceeding arising out of this person’s services as a director or executive officer in any capacity with respect to any employee benefit plan or as a director, partner, trustee or agent of another entity at our request. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers.

Stock Option Grants to Executive Officers and Directors

We have granted stock options to our executive officers and certain of our directors as more fully described in the section entitled “Management – Director Compensation” and “Executive Compensation.”

Restricted Stock Sales to Executive Officers

On September 8, 2013, the board of directors approved the sale to Dr. Brady 12,948 shares of our common stock at a price of $0.552 per share pursuant to the 2010 Plan. The stock was fully vested at the time of grant and subject to certain restriction regarding transfer of the shares, including a right of first refusal for the benefit of the Company. On September 10, 2013, Dr. Brady transferred 10,358 of such shares to Domain Associates L.L.C., an entity affiliated with certain of the Company’s stockholders. All of the rights and restrictions that applied to the common stock granted to Dr. Brady continue to apply to the shares following the transfer to Domain Associates L.L.C.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 28, 2014, and as adjusted to reflect the sale of shares of common stock in this offering, by:

- each of our named executive officers;
- each of our directors;
- all of our directors and current executive officers as a group; and
- each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power. Applicable percentage ownership is based on 3,970,164 shares of common stock outstanding on February 28, 2014, which gives effect to the conversion of all outstanding shares of our convertible preferred stock into shares of common stock. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options, warrants or other rights held by such person that are currently exercisable or will become exercisable within 60 days of February 28, 2014 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o Aldeyra Therapeutics, Inc., 15 New England Executive Park, Burlington, MA 01803. We believe, based on information provided to us, that each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

	Shares Beneficially Owned Prior to Offering		Shares Beneficially Owned After Offering	
Name of Beneficial Owner	**Number**	**Percentage**	**Number**	**Percentage**
5% or Greater Stockholders				
Funds affiliated with Domain Associates, L.L.C . One Palmer Square Princeton, NJ 08542	2,049,831(1)	50.1%	2,049,831(1)	33.7%
Johnson & Johnson Development Corporation 410 George Street New Brunswick, NJ 08901	1,797,169(2)	44.5%	1,797,169(2)	29.7%
Executive Officers and Directors				
Todd Brady, M.D., Ph.D .	89,565(3)	2.2%	105,572(4)	1.7%
Scott Young	40,150(5)	1.0%	56,157(6)	*
Ben Bronstein, M.D .	5,400(7)	*	5,400(7)	*
Gary Phillips, M.D .	7,217(8)	*	7,217(8)	*
Jesse Treu, Ph.D .	2,049,831(9)	50.1%	2,049,831(9)	33.7%
Neal Walker, D.O .	4,400(10)	*	4,400(10)	*
Martin Joyce	-	*	-	*
C. Boyd Clarke	-	*	-	*
Asish Xavier, Ph.D .	1,797,169(11)	44.5%	1,797,169(11)	29.7%
All current executive officers and directors as a group (8 persons)	2,196,563(12)	51.9%	2,228,577(13)	35.6%

* Less than 1% of the outstanding shares of common stock.

(1) Consists of 10,358 shares of common stock held by Domain Associates LLC, 1,909,113 shares of common stock held by Domain Partners VI, L.P., 9,208 shares of common stock held by DP VI Associates, L.P., and currently exercisable

warrants to purchase up to 121,152 shares of common stock held by Domain Partners VI, L.P. The managing members of One Palmer Square Associates VI, L.L.C., the general partner of Domain Partners VI, L.P. and DP VI Associates, L.P., share voting and investment power with respect to these shares. The managing members of Domain Associates LLC are James Blair, Kathleen Schoemaker, Jesse Treu, Brian Dovey, Nicole Vitullo, Brian Halak and Kim Kamdar. Each of James Blair, Kathleen Schoemaker, Jesse Treu, Brian Dovey, Nicole Vitullo, Brian Halak and Kim Kamdar share voting and investment power with respect to the securities held by Domain Associates LLC. Each of James Blair, Kathleen Schoemaker, Jesse Treu, Brian Dovey, Nicole Vitullo, Brian Halak, and Kim Kamdar disclaims beneficial ownership of the securities held by Domain Associates LLC except to the extent of his or her pecuniary interest therein, if any.

(2) Consists of 1,724,478 shares of common stock, held by the Johnson & Johnson Development Corporation ("JJDC") and currently exercisable warrants to purchase up to 72,691 shares of common stock held by JJDC. Linda Vogel, Investment Portfolio Manager, of JJDC exercises voting and dispositive power over the shares held by JJDC. The address of JJDC is: 410 George St., New Brunswick, NJ 08901.

(3) Includes options to purchase 86,976 shares of common stock that may be exercised within 60 days of February 28, 2014.

(4) Includes options to purchase 86,976 shares of common stock that may be exercised within 60 days of February 28, 2014 and 16,007 shares of common stock that may be exercised as of the effective date of this offering.

(5) Consists of options to purchase 40,150 shares of common stock that may be exercised within 60 days of February 28, 2014.

(6) Consists of options to purchase 40,150 shares of common stock that may be exercised within 60 days of February 28, 2014 and 16,007 shares of common stock that may be exercised as of the effective date of this offering.

(7) Consists of options to purchase 5,400 shares of common stock that may be exercised within 60 days of February 28, 2014.

(8) Consists of options to purchase 7,217 shares of common stock that may be exercised within 60 days of February 28, 2014.

(9) Consists of securities beneficially owned by Domain Partners VI, DP VI Associates, L.P. and Domain Associates LLC as set forth in footnote 1 above, for which Dr. Treu may be deemed to share voting and investment power. Dr. Treu disclaims beneficial ownership of the securities held by Domain Partners VI, DP VI Associates, L.P. and Domain Associates LLC except to the extent of his pecuniary interest therein, if any.

(10) Consists of options to purchase 4,400 shares of common stock that may be exercised within 60 days of February 28, 2014.

(11) Consists of securities beneficially owned by JJDC as set forth in footnote 2 above, for which Mr. Xavier, a former director of our company, may be deemed to share voting and investment power. Mr. Xavier disclaims beneficial ownership of the securities held by JJDC except to the extent of his pecuniary interest therein, if any. Mr. Xavier resigned from our board of directors in October 2013.

(12) Includes currently exercisable warrants to purchase up to 193,843 shares of common stock and options to purchase an aggregate of 156,148 shares of common stock that may be exercised within 60 days of February 28, 2014.

(13) Includes currently exercisable warrants to purchase up to 193,843 shares of common stock and options to purchase an aggregate of 156,148 shares of common stock that may be exercised within 60 days of February 28, 2014 and 32,014 shares of common stock that may be exercised as of the effective date of this offering.

DESCRIPTION OF CAPITAL STOCK

General

Following the closing of this offering, our authorized capital stock will consist of 150,000,000 shares of common stock, par value $0.001 per share, and 15,000,000 shares of preferred stock, par value $0.001 per share. The following description summarizes some of the terms of our amended and restated certificate of incorporation and amended and restated bylaws does not purport to be complete and is qualified in its entirety by the provisions of our restated certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part.

Common Stock

Outstanding Shares. Based on 3,970,164 shares of common stock outstanding as of December 31, 2013, assuming conversion of all outstanding shares of our Series A convertible preferred stock and Series B convertible preferred stock into shares of common stock immediately prior to the closing of this offering and the issuance of 2,000,000 shares of common stock in this offering, and no exercise of outstanding options or warrants, there will be 5,970,164 shares of common stock outstanding upon the closing of this offering. As of December 31, 2013, assuming the conversion of all outstanding shares of our Series A convertible preferred stock and Series B convertible preferred stock into common stock upon the closing of this offering, we had eleven (11) record holders of our common stock.

As of December 31, 2013, there were 609,842 shares of common stock subject to outstanding options.

Voting Rights. Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of the stockholders, including the election of directors. Except as otherwise provided by law or our restated certificate of incorporation or bylaws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by the affirmative vote of a majority of the outstanding shares of common stock present in person or represented by proxy at the meeting and entitled to vote thereon. Directors are elected by a plurality of the votes cast at the meeting. Our restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividends. Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of our outstanding shares of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. At present, we have no plans to issue dividends. See the section titled “Dividend Policy”.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Other Rights and Preferences. Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Fully Paid and Nonassessable. All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, we will have no shares of our preferred stock outstanding. Outstanding shares of voting Series A convertible preferred stock will be converted into 2,078,424 shares of common stock, outstanding shares of non-voting Series A convertible preferred stock will be converted into 247,694 shares of common stock, outstanding shares of voting Series B convertible preferred stock will be converted into 1,182,854 shares of common stock, and outstanding shares of non-voting Series B convertible preferred stock will be converted into 133,827 shares of common stock.

Our board of directors is authorized to issue preferred stock in one or more series, to establish the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of such shares and any qualifications, limitations or restrictions thereof. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others. At present, we have no plans to issue any preferred stock.

Options

As of December 31, 2013, options to purchase 609,842 shares of our common stock were outstanding under our 2004 equity incentive plan and 2010 equity incentive plan, collectively, of which 96,949 were vested and 512,893 of which were unvested as of that date.

Convertible Promissory Note

In October 2013, we issued a convertible promissory note to Domain Partners VI, L.P., in a principal amount of $170,000, which was amended in February 2014 to extend its maturity date. The note accrues interest at a rate of 6% per annum, and will convert into shares of Series B preferred convertible stock in June 2014 unless it is converted into shares of our capital stock prior to such time pursuant to its terms. The note provides that it shall convert in connection with a public offering of our securities and therefore immediately prior to the closing of this offering, the principal and accrued but unpaid interest on the note shall convert into shares of our common stock at a price per share equal to the initial public offering price for common stock listed on the cover page of this prospectus. Assuming an initial public offering price of $11.00 per share, the midpoint or the range set forth on the cover page of this prospectus, the note will convert into 15,454 shares of our common stock upon the consummation of this offering.

Warrants

In April 2012, in connection with the closing of a debt facility, we issued a warrant to Square 1 Bank, which warrant was immediately exercisable for an aggregate of 2,042 shares of our Series A convertible preferred stock, at an exercise price of $12.24 per share. Upon the closing of this offering, this warrant will become exercisable for 4,844 shares of common stock at an exercise price of $5.1588 per share. This warrant will expire three years from the effective date of the registration statement of which this prospectus is a part. In November 2013, in connection with the amendment to our loan and security agreement with Square 1 Bank, we issued Square 1 Bank a warrant that is immediately exercisable for an aggregate of 9,692 shares of our Series B convertible preferred stock, at an exercise price of $5.1588 per share. Upon the closing of this offering, this warrant will become exercisable for 9,692 shares of common stock at an exercise price of $5.1588 per share. This warrant will expire three years from the effective date of the registration statement of which this prospectus is a part. We have entered into an agreement with the warrant holder whereby the holder has agreed to net exercise the warrants effective and contingent upon the consummation of this offering.

In December 2012 and August 2013, in connection with our Series B convertible preferred stock financing, we issued warrants to the investors in such financing, which warrants are immediately exercisable for an aggregate of 193,842 shares of our Series B convertible preferred stock, at an exercise price of $5.1588 per share. Immediately prior to the closing of this offering, this warrant will become exercisable for 193,842 shares of common stock at an exercise price of $5.1588 per share. This warrant will expire three years from the effective date of the registration statement of which this prospectus is a part. We have entered into an agreement with the warrant holders whereby such holders have agreed to net exercise the warrants effective and contingent upon the consummation of this offering.

Representative's Warrants

We have agreed to issue to the representative of the underwriters in this offering warrants to purchase up to 80,000 shares of our common stock, with a per share exercise price equal to 125% of the initial public offering price per share of common stock. In addition, the warrants provide for registration rights upon request, in certain cases. The demand registration right provided will not be greater than five years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(H)(iv). The piggyback registration right provided will not be greater than seven years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(H)(v). See "Underwriting – Representative's Warrants" section of this prospectus for a description of these warrants.

Registration Rights

After the completion of this offering, holders of 3,642,799 shares of our common stock will be entitled to rights with respect to the registration of those shares under the Securities Act. Under the terms of the investors' rights agreement between us and the holders of these registrable securities, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, these holders are entitled to notice of registration and are entitled to include their shares of common stock in the registration. The holders of these registrable securities are also entitled to specified demand registration rights under which they may require us to file a registration statement under the Securities Act at our expense with respect to our shares of common stock, and we are required to use our commercially reasonable efforts to effect this registration. Further, the holders of these registrable securities may require us to file additional registration statements on Form S-3. All of these registration rights are subject to conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in the registration and our right not to effect a requested registration within six months following the initial offering of our securities, including this offering. This is not a complete description of this investors' rights agreement and is qualified by the full text of the investors' rights agreement which has been filed as an exhibit to the registration statement of which this prospectus is a part.

In addition, the Representative's Warrants and the warrants listed in the section entitled "Description of Capital Stock – Warrants" provide for certain registration rights to the holders thereof. Each of the warrants provide that upon its exercise the holder shall have certain rights to participate in registrations of our common stock that we may decide to do, from time to time.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability of our board of directors, without action by the stockholders, to issue up to 15,000,000 shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Stockholder Meetings

Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our chairman of the board or president, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see "Management — Board Composition and Election of Directors." This system of electing and removing directors may tend to discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our amended and restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than 66 2/3% of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our amended and restated certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least 66 2/3% of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC.

NASDAQ Capital Market

We have applied to have our common stock listed on The NASDAQ Capital Market under the symbol "ALDX." No assurance can be given that such listing will be approved.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock listed on The NASDAQ Capital Market, we cannot assure you that there will be an active public market for our common stock.

Based on the number of shares of our common stock outstanding as of December 31, 2013 and assuming (1) the issuance of shares in this offering, and (2) the conversion of all outstanding shares of our convertible preferred stock into 3,642,799 shares of our common stock, which we expect to automatically occur immediately prior to the closing of the offering, (3) no exercise of the underwriters' over-allotment option to purchase additional shares of common stock, (4) no exercise of outstanding options and (5) the net exercise of outstanding warrants to purchase shares of our convertible preferred stock and the subsequent automatic conversion of such shares into shares of common stock, we will have outstanding an aggregate of 6,080,811 shares of common stock upon the effectiveness of the public offering.

Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining 4,080,811 shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or 701 under the Securities Act, each of which is summarized below. We expect that substantially all of these shares will be subject to the 180-day lock-up period under the lock-up agreements described below.

In addition, of the 609,842 shares of our common stock that were subject to stock options outstanding as of December 31, 2013, options to purchase 96,949 of such shares of common stock were vested as of such date and, upon exercise, these shares will be eligible for sale subject to the lock–up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements

We, each of our directors and executive officers and holders of all of our outstanding shares of common stock have agreed that, without the prior written consent of Aegis Capital Corp. on behalf of the underwriters, we and they will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus, subject to extension in specified circumstances:

- offer, pledge, sell or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock, whether such transaction is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise;
- make any demand for or exercise any right with respect to the registration of any shares of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock; or
- publicly announce an intention to do any of the foregoing.

The lock-up restrictions, specified exceptions and the circumstances under which the 180-day lock-up period may be extended are described in more detail under "Underwriting."

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least six months would be entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 60,802 shares immediately after this offering; or
- the average weekly trading volume in our common stock on The NASDAQ Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the Securities and Exchange Commission and The NASDAQ Capital Market concurrently with either the placing of a sale order with the broker or the execution of a sale directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

Equity Plan

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock plan. We expect to file the registration statement covering shares offered pursuant to our stock plan shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

Based on the number of shares of our convertible preferred stock outstanding as of December 31, 2013 and assuming the automatic conversion of all outstanding shares of our convertible preferred stock into 3,642,799 shares of our common stock immediately prior to the closing of the offering, the holders of 3,642,799 shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the

closing of this offering. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. In addition, the Representative's Warrants and the warrants listed in the section entitled "Description of Capital Stock – Warrants" provide for certain registration rights to the holders thereof. See "Description of Capital Stock—Registration Rights" for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material United States federal income tax consequences of the purchase, ownership and disposition of our common stock as of the date hereof.

This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended, or the Code, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly with retroactive effect, or subject to different interpretations. This discussion is limited to persons who hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). Moreover, this discussion does not address all the United States federal income tax consequences and does not address foreign, state, local or other tax considerations that may be relevant to you in light of your personal circumstances. This discussion does not address special situations, including, without limitation, those of: brokers or dealers in securities; regulated investment companies; real estate investment trusts; persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle; traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; persons liable for alternative minimum tax; United States Holders (as defined below) whose "functional currency" is not the United States dollar; investors in pass-through entities; persons who acquired our common stock through the exercise of employee stock options or otherwise as compensation; United States expatriates, "controlled foreign corporations," "passive foreign investment companies," financial institutions, insurance companies, tax-exempt organizations, or entities or arrangements treated as partnerships or other pass-through entities for United States federal income tax purposes.

If you are a partnership holding our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, you should consult your tax advisor.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT A TAX ADVISOR REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN INCOME, ESTATE AND OTHER TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON STOCK.

Consequences to United States Holders

The following is a summary of the material United States federal income tax consequences that will apply to you if you are a United States Holder of shares of our common stock. A "United States Holder" of common stock means a beneficial owner of common stock that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

Distributions on Common Stock

In general, if you receive a distribution with respect to our common stock, such distributions will be treated as a dividend to the extent of our current and accumulated earnings and profits as determined for United States federal income tax purposes. Any portion of a distribution that exceeds our current and accumulated earnings and profits will first be applied to reduce your tax basis in our common stock and, to the extent such portion exceeds your tax basis, the excess will be treated as gain from the disposition of the common stock, the tax treatment of which is discussed below under "Sale, Exchange, or Other Disposition of Common Stock."

Under current legislation, dividend income may be taxed to an individual at rates applicable to long term capital gains, provided that a minimum holding period and other limitations and requirements are satisfied. Any dividends that we pay to a

United States Holder that is a United States corporation will qualify for a deduction allowed to United States corporations in respect of dividends received from other United States corporations equal to a portion of any dividends received, subject to generally applicable limitations on that deduction. In general, a dividend distribution to a corporate United States Holder may qualify for the 70% dividends received deduction if the United States Holder owns less than 20% of the voting power and value of our stock. You should consult your tax advisor regarding the holding period and other requirements that must be satisfied in order to qualify for the dividends-received deduction and the reduced maximum tax rate on dividends.

Sale, Exchange, or Other Disposition of Common Stock

You will generally recognize capital gain or loss on a sale, exchange or certain other dispositions of our common stock. Your gain or loss will equal the difference between your amount realized and your tax basis in the stock. Your amount realized will include the amount of any cash and the fair market value of any other property received for the stock. The gain or loss recognized on a sale or exchange of stock will be long-term capital gain or loss if you have held the stock for more than one year. Long-term capital gains of non-corporate taxpayers are generally taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to certain limitations.

Medicare Contribution Tax

Recently enacted legislation requires certain United States Holders who are individuals, estates or certain trusts to pay a 3.8% tax on the lesser of (1) the United States person's "net investment income" for the relevant taxable year and (2) the excess of the United States person's modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000 depending on the individual's circumstances). Net investment income generally includes, among other things, dividends and capital gains from the sale or other dispositions of stock, unless such dividend income or gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate or trust should consult its tax advisor regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our common stock.

American Taxpayer Relief Act of 2012

The American Taxpayer Relief Act of 2012 (ATRA) was signed into law by President Obama on January 2, 2013. Certain provisions of United States federal income tax law relating to capital gain taxation and the applicability of capital gain rates to dividends designated as "qualified dividend income" were scheduled to "sunset" and revert to provisions of prior law for taxable years beginning after December 31, 2012. ATRA has modified those rules. For taxable years beginning after 2012, for noncorporate taxpayers, both the maximum capital gain tax rate (for gain other than "unrecaptured section 1250 gain") and the maximum rate applicable to qualified dividend income generally is 20%.

Information Reporting and Backup Withholding

Under certain circumstances, United States Treasury regulations require information reporting and backup withholding on certain payments on common stock or on the sale thereof. When required, we will report to the Internal Revenue Service and to each United States Holder the amounts paid on or with respect to our common stock and the United States federal withholding tax, if any, withheld from such payments. A United States Holder will be subject to backup withholding on the dividends paid on the common stock and proceeds from the sale of the common stock at the applicable rate if the United States Holder (a) fails to provide us or our paying agent with a correct taxpayer identification number or certification of exempt status (such as a certification of corporate status), (b) has been notified by the Internal Revenue Service that it is subject to backup withholding as a result of the failure to properly report payments of interest or dividends, or (c) in certain circumstances, has failed to certify under penalty of perjury that it is not subject to backup withholding. A United States Holder may be eligible for an exemption from backup withholding by providing a properly completed Internal Revenue Service Form W-9 to us or our paying agent.

Backup withholding does not represent an additional United States federal income tax. Any amounts withheld from a payment to a United States Holder under the backup withholding rules will be allowed as a credit against such holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information or returns are timely furnished by the holder to the Internal Revenue Service.

Consequences to Non-United States Holders

The following is a summary of the material United States federal income tax consequences that will apply to you if you are a Non-United States Holder of shares of our common stock. A "Non-United States Holder" is a beneficial owner of common stock (other than an entity or arrangement treated as a partnership for United States federal income tax purposes) that is not a United States Holder.

Distributions on Common Stock

If you receive a distribution in respect of shares of our common stock and such distribution is treated as a dividend (see "Consequences to United States Holders – Distributions on Common Stock"), as a Non-United States Holder, you will generally be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To claim the benefit of a lower rate under an income tax treaty, you must properly file with the payor an Internal Revenue Service Form W-8BEN, or successor form, certifying under penalty of perjury that you are not a United States person (as defined under the Code) and claiming an exemption from or reduction in withholding under the applicable tax treaty. Special certification and other requirements apply to you if you are a pass-through entity rather than a corporation or individual or if our common stock is held through certain foreign intermediaries.

If dividends are considered effectively connected with the conduct of a trade or business by you within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment of yours, those dividends will not be subject to withholding tax, but instead will be subject to United States federal income tax on a net basis at applicable graduated individual or corporate rates as if you were a United States person (as defined under the Code), unless an applicable income tax treaty provides otherwise, provided an Internal Revenue Service Form W-8ECI, or successor form, is filed with the payor. In addition, if you are required to provide an Internal Revenue Service Form W-8ECI or successor form, as discussed above, you must also provide your tax identification number. If you are a foreign corporation, any effectively connected dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

If you do not timely provide the relevant paying agent with the required certification but are eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Common Stock

Subject to the discussion below under "Foreign Account Legislation," as a Non-United States Holder, you generally will not be subject to United States federal income tax on any gain realized on the sale or other disposition of our common stock (including a distribution with respect to our common stock that is treated as a sale or exchange) unless:

- the gain is considered effectively connected with the conduct of a trade or business by you within the United States and, where a tax treaty applies, is attributable to a United States permanent establishment of yours, in which case, you will generally be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates as if you were a United States person (as defined in the Code) and, if you are a corporation, you may be subject to an additional branch profits tax equal to 30% or such lower rate as may be specified by an applicable income tax treaty;

- you are an individual who is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, in which case, you will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale, which may be offset by United States source capital losses; or

- we are or have been a "United States real property holding corporation" for United States federal income tax purposes at any time within the shorter of the five-year period ending on the date of disposition or the period you held our common stock. As long as our common stock is regularly traded on an established securities market, within the meaning of section 897(c)(3) of the Code, these rules will apply only if you actually or constructively hold more than 5% of our common stock at any time during the applicable period that is specified in the Code. We believe that we are not currently, and are not likely to become, a United States real property holding corporation.

Information Reporting and Backup Withholding Tax

We must report annually to the Internal Revenue Service and to each of you the amount of dividends paid to you and the tax withheld with respect to those dividends, regardless of whether withholding was required. Copies of the information returns reporting those dividends and withholding may also be made available by the Internal Revenue Service to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty or other applicable agreements.

Backup withholding tax may also apply to dividend payments made to you on or with respect to our common stock unless you certify under penalty of perjury that you are a Non-United States Holder (and we do not have actual knowledge or reason to know that you are a United States person (as defined under the Code)) or you otherwise establish an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through United States-related financial intermediaries unless the beneficial owner certifies under penalty of perjury that it is a Non-United States Holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person (as defined under the Code)) or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your United States federal income tax liability provided that the required procedures are followed.

You should consult your tax advisor regarding the application of the information reporting and backup withholding rules to you.

Foreign Account Legislation

Recently enacted legislation generally will impose a withholding tax of 30% on any dividends on our common stock paid to a foreign financial institution, unless such institution enters into an agreement with the United States government to, among other things, collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners). Institutions in certain jurisdictions that have entered into agreements with the United States may have their compliance determined by such agreements. The legislation will also generally impose a withholding tax of 30% on any dividends on our common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with either certification that such entity does not have any substantial United States owners or identification of the direct and indirect substantial United States owners of the entity. Finally, withholding of 30% also generally will apply to the gross proceeds of a disposition of our common stock paid to a foreign financial institution or to a non-financial foreign entity unless the reporting and certification requirements described above have been met. Under certain circumstances, a Non-United States Holder of our common stock may be eligible for refunds or credits of such taxes. You are encouraged to consult with your own tax advisor regarding the possible implications of this legislation on your investment in our common stock. Although this legislation currently applies to amounts paid after December 31, 2012, the IRS has issued guidance providing that the withholding provisions described above will generally apply to payments of dividends on our common stock made on or after July 1, 2014 and to payments of gross proceeds from a sale or other disposition of such stock on or after January 1, 2017.

You are encouraged to consult with your own tax advisor regarding the possible implications of this legislation on your investment in our common stock.

UNDERWRITING

Aegis Capital Corp. is acting as the sole manager of the offering and as representative of the underwriters. Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus among us and the representative of the underwriters named below, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase from us, the number of shares of common stock listed next to its name in the following table.

Underwriters	Number of Shares
Aegis Capital Corp.	
Total	2,000,000

The underwriters are committed to purchase all the shares of common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of nondefaulting underwriters may be increased or the offering may be terminated. The underwriters are not obligated to purchase the shares of common stock covered by the underwriters' over-allotment option described below. The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Discounts and Commissions

The underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering of the shares, the public offering price and other selling terms may be changed by the representative.

The following table shows the public offering price, underwriting discounts and commissions and proceeds before expenses to us. The information assumes either no exercise or full exercise of the over-allotment option we granted to the representative of the underwriters.

	Per Share	Total Without Over-Allotment Option	Total With Over-Allotment Option
Public offering price	$	$	$
Underwriting discounts and commissions			
Non-accountable expense allowance			
Proceeds, before expenses, to us			

We have agreed to pay a non-accountable expense allowance to the representative of the underwriters equal to 1% of the gross proceeds received in the offering; provided, however, that an allowance shall not be paid in connection with the over-allotment option if the over-allotment option is exercised. We have paid an expense deposit of $25,000 to the representative of the underwriters, which will be applied against accountable expenses that will be paid by us to the representative in connection with this offering, which advance will be refunded to us to the extent not actually incurred by the representative in the event this offering is terminated.

We have also agreed to pay the representative's expenses relating to the offering, including (a) all actual filing fees incurred in connection with the review of this offering by the Financial Industry Regulatory Authority, or FINRA, and all fees and expenses relating to the listing of our shares of common stock on The NASDAQ Capital Market; (b) all fees, expenses and disbursements relating to background checks of our officers and directors in an amount not to exceed $5,000 per individual, or a maximum aggregate of $40,000; (c) all actual fees, expenses and disbursements relating to the registration or

qualification of securities offered under state securities laws, or "blue sky" laws, or under the securities laws of foreign jurisdictions designated by the representative in an amount not to exceed $10,000 in the aggregate; (d) all actual fees, expenses and disbursements relating to the registration, qualification or exemption of our shares of common stock under the securities laws of such foreign jurisdictions as the representative may reasonably designate; (e) the costs of all mailing and printing of the underwriting documents as the representative may reasonably deem necessary; (f) the fees and expenses of our accountant; (g) the fees and expenses of our legal counsel and other agents and representatives, (h) $21,775 for the underwriters' use of Ipreo's book-building, prospectus tracking and compliance software for this offering; and (i) up to $20,000 of the representative's actual accountable road show expenses for the offering.

The total estimated expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, are approximately $1.2 million and are payable by us.

Over-Allotment Option

We have granted to the underwriters an option to purchase up to 300,000 additional shares of common stock at the public offering price, less underwriting discounts and commissions. The underwriters may exercise this option for 45 days from the date of this prospectus solely to cover sales of shares of common stock by underwriters in excess of the total number of shares set forth in the table above. If any of these additional shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered. We will pay the expenses associated with the exercise of the over-allotment option.

Representative's Warrants

We have agreed to issue to the representative of the underwriters warrants to purchase up to 80,000 shares of common stock, which is 4% of the shares sold in this offering, excluding the over-allotment option, as additional compensation. The shares issuable upon exercise of these warrants are identical to those offered by this prospectus. We are registering hereby the warrants and the shares of common stock issuable upon exercise of the warrants. The warrants are exercisable for cash or on a cashless basis at a per share exercise price equal to 125% of the public offering price per share in this offering commencing on a date which is one year from the date of effectiveness and expiring on a date which is no more than five years from the date of effectiveness in compliance with FINRA Rule 5110(f)(2)(H)(i). The warrants and the shares of common stock underlying the warrants have been deemed compensation by FINRA and are, therefore, subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA. The representative (or permitted assignees under the Rule) will not sell, transfer, assign, pledge or hypothecate these warrants or the securities underlying these warrants, nor will it engage in any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of these warrants or the underlying securities for a period of 180 days after the effective date. In addition, the warrants provide for registration rights upon request, in certain cases. The demand registration right provided will not be greater than five years from the date of effectiveness in compliance with FINRA Rule 5110(f)(2)(H)(iv). The piggyback registration right provided will not be greater than seven years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(H)(v). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrants, other than underwriting commissions incurred and payable by the holders. The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of common stock at a price below the warrant exercise price.

Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be negotiated between us and the representative. Among the factors to be considered in these negotiations are:

- the prospects for our company and the industry in which we operate;
- our past and present financial and operating performance;
- financial and operating information and market valuations of publicly traded companies engaged in activities similar to ours;

- the prevailing conditions of United States securities markets at the time of this offering; and
- other factors deemed relevant.

Lock-Up Agreements

We, our officers and directors and holders of all of our outstanding stock have entered into lock-up agreements with the underwriters. Under these agreements, we and these other individuals have agreed, subject to specified exceptions, not to sell or transfer any common stock or securities convertible into, or exchangeable or exercisable for, common stock, during a period ending 180 days after the date of this prospectus, without first obtaining the written consent of representative of the underwriters.

Specifically, we and these other individuals have agreed not to:

- offer, pledge, sell or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described above is to be settled by delivery of common stock or other securities, in cash or otherwise; make any demand for or exercise any right with respect to the registration of any shares of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock; or
- publicly announce an intention to do any of the foregoing.

The restrictions described above do not apply to:

- the sale of shares of common stock to the underwriters pursuant to the underwriting agreement;
- the issuance by us of shares of common stock upon the exercise of an option or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing or that is described in this prospectus;
- the grant by us of stock options or other stock-based awards, or the issuance of shares of common stock upon exercise thereof, to eligible participants pursuant to employee benefit or equity incentive plans described in this prospectus, provided that, prior to the grant of any such stock options or other stock-based awards that vest within the restricted period, each recipient of such grant shall sign and deliver a lock-up agreement agreeing to be subject to the restrictions on transfer described above;
- the establishment of a Rule 10b5-1 trading plan under the Exchange Act by a security holder for the sale of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period;
- transfers by security holders of shares of common stock or other securities as a bona fide gift or by will or intestacy;
- transfers by distribution by security holders of shares of common stock or other securities to partners, members, or shareholders of the security holder; or
- transfers by security holders of shares of common stock or other securities to any trust for the direct or indirect benefit of the security holder or the immediate family of the security holder;

provided that in the case of each of the preceding three types of transactions, the transfer does not involve a disposition for value and each transferee or distributee signs and delivers a lock-up agreement agreeing to be subject to the restrictions on transfer described above.

Right of First Refusal

Subject to certain conditions, we granted the representative of the underwriters in this offering, for a period of eight months after the date of effectiveness, a right of first refusal to act as sole book-running manager for each and every future public and private equity and public debt offering.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

NASDAQ Listing

We have applied to list our shares of common stock for trading on The NASDAQ Capital Market under the symbol "ALDX." No assurance can be given that such listing will be approved.

Price Stabilization, Short Positions and Penalty Bids

In order to facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of common stock in the offering. The underwriters may close out any covered short position by either exercising the over-allotment option or purchasing shares of common stock in the open market. In determining the source of shares of common stock to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

The underwriters have advised us that, pursuant to Regulation M under the Exchange Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of our common stock, including the imposition of penalty bids. This means that if the representative of the underwriters purchases common stock in the open market in stabilizing transactions or to cover short sales, the representative can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

The underwriters make no representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Shares

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares of common stock to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters and selling group members that may make Internet

distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part.

Notice to Non-United States Investors

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive, each of which we refer to as a relevant member state, with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state, or the relevant implementation date, an offer of securities described in this prospectus may not be made to the public in that relevant member state other than:

- to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of representative for any such offer; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of securities shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares of common stock in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Other Relationships

From time to time, certain of the underwriters and their affiliates have provided, and may provide in the future, various advisory, investment and commercial banking and other services to us in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. However, except as disclosed in this prospectus, we have no present arrangements with any of the underwriters for any further services.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities

under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area—Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €€ 43,000,000 (as shown on its last annual financial statements) and (iii) an annual net turnover of more than €€ 50,000,000 (as shown on its last annual financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The securities offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority, or the ISA, nor have such securities been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale in Israel, directly or indirectly, to the public of the securities offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Societ—$$—Aga e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than

Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

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Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

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This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for securities is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of

the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA.

This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to us.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

INDUSTRY AND MARKET DATA

We obtained the industry, market, and competitive position data throughout this prospectus from our own internal estimates and research, as well as from industry and general publications, in addition to research, surveys, and studies conducted by third parties. Industry publications, studies, and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information.

LEGAL MATTERS

The validity of the common stock being offered will be passed upon for us by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, of Waltham, Massachusetts. Certain legal matters in connection with this offering will be passed upon for the underwriters by Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C., of New York, New York. Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C. owns an aggregate of 28,655 shares of our common stock.

EXPERTS

BDO, USA, LLP, an independent registered public accounting firm, has audited our financial statements at December 31, 2012 and December 31, 2013, and for each of the two years in the period ended December 31, 2013, and for the cumulative period from August 13, 2004 (inception) through December 31, 2013, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on BDO USA, LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock we are offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and the financial statements and notes filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be reviewed for the complete contents of these contracts and documents.

A copy of the registration statement, including the exhibits and the financial statements and notes filed as a part of the registration statement, may be inspected without charge at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC upon the payment of fees prescribed by it. You may call the SEC at 1-800-SEC-0330 for more information on the operation of the public reference facilities. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies, such as Aldeyra, that file electronically with it.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Securities Act and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We also maintain a website at http://www.aldeyra.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our common stock.

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

INDEX TO FINANCIAL STATEMENTS

The accompanying financial statements give effect to a 1-for-12 reverse split for the common stock and each series of preferred stock of Aldeyra Therapeutics, Inc. (the "Company") which will take place prior to the effective date of the registration statement. The following report is in the form which will be furnished by BDO USA, LLP an independent registered public accounting firm, upon completion of the 1-for-12 reverse split of the common stock and each series of preferred stock of the Company described in the first paragraph of Note 2 to the financial statements and assuming that from March 17, 2014 to the date of such completion no other material events have occurred that would affect the accompanying financial statements and disclosure therein.

/s/ BDO USA, LLP

Boston, Massachusetts
March 17, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of
Aldeyra Therapeutics, Inc.
Burlington, Massachusetts

We have audited the accompanying balance sheets of Aldeyra Therapeutics, Inc. (formerly known as Aldexa Therapeutics, Inc.) (the "Company") as of December 31, 2012 and 2013 and the related statements of operations and comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows for each of the two years in the period ended December 31, 2013, and for the period from August 13, 2004 (inception) through December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Aldeyra Therapeutics, Inc. as of December 31, 2012 and 2013, and the results of its operations and its cash flows for the years then ended, and for the period from August 13, 2004 (inception) through December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP
Boston, Massachusetts
March 17, 2014

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Balance Sheets

ASSETS

	December 31, 2012	December 31, 2013	Pro forma December 31, 2013 (Note 2) (unaudited)
Current assets:			
Cash and cash equivalents	$ 1,223,638	$ 3,262,354	$ 3,262,354
Preferred stock issuance receivable – related party	750,436	-	-
Prepaid expenses and other current assets	2,950	8,412	8,412
Total current assets	1,977,024	3,270,766	3,270,766
Deferred offering costs	-	472,467	472,467
Total assets	$ 1,977,024	$ 3,743,233	$ 3,743,233
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 72,538	$ 341,853	$ 341,853
Convertible notes payable – related parties (Note 6)	-	85,000	85,000
Accrued interest on convertible notes payable – related parties	-	2,125	2,125
Accrued expenses	124,228	117,873	117,873
Current portion of credit facility	166,667	58,160	58,160
Total current liabilities	363,433	605,011	605,011
Credit facility, net of current portion and debt discount (Note 7)	266,253	1,129,015	1,129,015
Accrued deferred offering costs	-	394,368	394,368
Convertible preferred stock rights and rights option liabilities – related parties (Notes 12 and 13)	24,233,900	-	-
Convertible preferred stock warrant liability (Notes 7 and 12)	87,600	253,247	-
Convertible preferred stock warrant liabilities – related parties (Notes 11 and 12)	2,180,500	3,265,620	-
Total liabilities	27,131,686	5,647,261	2,128,394
Commitments and contingencies (Note 15)			
Redeemable convertible preferred stock (Note 11):			
Series A Preferred Stock, $0.001 par value, 23,572,432, and 24,000,000 shares authorized as of December 31, 2012 and 2013; 980,391 shares issued and outstanding. (Liquidation preference of $36,000,000)	29,063,167	29,291,865	-
Series B Preferred Stock, $0.001 par value, 36,205,634 and 38,000,000 shares authorized as of December 31, 2012 and 2013; 928,995 shares issued and outstanding as of December 31, 2012; 1,316,681 shares issued and outstanding as of December 31, 2013. (Liquidation preference of $20,377,506)	166,667	9,025,433	-
Total redeemable convertible preferred stock	29,229,834	38,317,298	-
Stockholders' equity (deficit):			
Common stock, voting, $0.001 par value; 40,000,000 and 65,000,000 shares authorized as of December 31, 2012 and 2013; 314,419, and 327,365 issued and outstanding	314	327	4,080
Common stock, non-voting, $0.001 par value; 40,000,000, and 65,000,000 shares authorized as of December 31, 2012 and 2013; none issued and outstanding	-	-	-
Additional paid-in capital	-	1,102,685	42,935,097
Deficit accumulated during the development stage	(54,384,810)	(41,324,338)	(41,324,338)
Total stockholders' equity (deficit)	(54,384,496)	(40,221,326)	1,614,839
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 1,977,024	$ 3,743,233	$ 3,743,233

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Statements of Operations and Comprehensive Income (Loss)

	Years Ended December 31,		Cumulative for the Period from August 13, 2004 (Inception) to December 31, 2013
	2012	2013	
OPERATING EXPENSES:			
Research and development	$ 469,270	$ 1,541,681	$ 12,847,149
General and administrative	644,941	2,134,726	6,359,850
Loss from operations	(1,114,211)	(3,676,407)	(19,206,999)
OTHER INCOME (EXPENSES):			
Change in fair value of preferred stock warrant liabilities (Note 4 and 12)	(9,000)	720,785	711,785
Change in fair value of convertible preferred stock rights and rights option liabilities (Note 4 and 13)	(125,500)	16,175,386	15,539,486
Value provided in excess of issuance price of Series B Preferred Stock (Note 11)	(21,484,762)	-	(21,484,762)
Other income	871	-	250,756
Interest income	101	31	188,738
Other expenses	-	-	(42,566)
Interest expense	(342,014)	(159,323)	(989,151)
Total other expenses, net	(21,960,304)	16,736,879	(5,825,714)
Net income (loss) and comprehensive income (loss)	(23,074,515)	13,060,472	(25,032,713)
Accretion on preferred stock (Note 11)	(389,487)	(822,550)	(1,936,637)
Allocation of undistributed earnings to preferred stockholders	-	(11,128,012)	(11,128,012)
Deemed dividend to Series A Preferred stockholders (Note 11)	(15,661,898)	-	(15,661,898)
Net income (loss) attributable to common stockholders	$ (39,125,900)	$ 1,109,910	$ (53,759,260)
Net income (loss) per share attributable to common stockholders:			
Basic	$ (124.44)	$ 3.49	
Diluted	$ (124.44)	$ (17.58)	
Weighted average common shares outstanding:			
Basic	314,419	318,429	
Diluted	314,419	857,183	
Pro forma net income (loss) per share attributable to common stockholders (unaudited) (Note 3):			
Basic		$ 2.70	
Diluted		$ (0.71)	
Pro forma weighted average common shares outstanding (unaudited) (Note 3):			
Basic		4,071,875	
Diluted		4,412,887	

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

	Redeemable Convertible Preferred Stock					Stockholders' Equity (Deficit)				
	Series A Preferred Stock		Series B Preferred Stock		Total Redeemable Convertible Preferred Stock	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit During the Development Stage	Total Stockholders' Equity (Deficit)
	Preferred Stock		Preferred Stock							
	Shares	Amount	Shares	Amount	Total	Shares	Amount			
Balance, August 13, 2004 (Inception)	-	$ -	-	$ -	$ -	-	$ -	$ -	$ -	$ -
Issuance of voting common stock	-	-	-	-	-	250,000	250	2,750	-	3,000
Stock-based compensation	-	-	-	-	-	-	-	269	-	269
										-
Net loss	-	-	-	-	-	-	-	-	(2,322)	(2,322)
Balance, December 31, 2004	-	-	-	-	-	250,000	250	3,019	(2,322)	947
Stock-based compensation	-	-	-	-	-	-	-	294	-	294
Net loss	-	-	-	-	-	-	-	-	(386,454)	(386,454)
Balance, December 31, 2005	-	-	-	-	-	250,000	250	3,313	(388,776)	(385,213)
Stock-based compensation	-	-	-	-	-	-	-	50	-	50
Net loss	-	-	-	-	-	-	-	-	(939,026)	(939,026)
Balance, December 31, 2006	-	-	-	-	-	250,000	250	3,363	(1,327,802)	(1,324,189)
Stock-based compensation	-	-	-	-	-	-	-	50	-	50
Net loss	-	-	-	-	-	-	-	-	(523,032)	(523,032)
Balance, December 31, 2007	-	-	-	-	-	250,000	250	3,413	(1,850,834)	(1,847,171)
Stock-based compensation	-	-	-	-	-	-	-	15,437	-	15,437
Exercise of common stock options	-	-	-	-	-	5,416	5	6,495	-	6,500
Issuance of Series A preferred stock, net of issuance costs and investor rights	490,197	4,526,900	-	-	4,526,900	-	-	-	-	-
Conversion of convertible notes payable and related accrued interest to Series A preferred stock	241,883	2,960,649	-	-	2,960,649	-	-	-	-	-
Issuance of voting common stock and related stock compensation expense	-	-	-	-	-	27,941	28	90,836	-	90,864
Accretion of discounts and issuance costs on preferred stock	-	99,210	-	-	99,210	-	-	(99,210)	-	(99,210)
Net loss	-	-	-	-	-	-	-	-	(2,224,375)	(2,224,375)
Balance, December 31, 2008	732,080	7,586,759	-	-	7,586,759	283,357	283	16,971	(4,075,209)	(4,057,955)
Stock-based compensation	-	-	-	-	-	-	-	23,638	-	23,638
Accretion of discounts and issuance costs on preferred stock	-	201,050	-	-	201,050	-	-	(40,609)	(160,441)	(201,050)
Net loss	-	-	-	-	-	-	-	-	(4,975,228)	(4,975,228)

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)...continued

	Redeemable Convertible Preferred Stock					Stockholders' Equity (Deficit)				
	Series A Preferred Stock Preferred Stock		Series B Preferred Stock Preferred Stock		Total Redeemable Convertible Preferred Stock	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit During the Development Stage	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance, December 31, 2009	732,080	7,787,809	-	-	7,787,809	283,357	283	-	(9,210,878)	(9,210,595)
Stock-based compensation	-	-	-	-	-	-	-	40,206	-	40,206
Issuance of Series A preferred stock, net of issuance costs	248,311	2,982,800	-	-	2,982,800	-	-	-	-	-
Allocation of fair value of investor right to Series A preferred stock	-	1,983,500	-	-	1,983,500	-	-	-	-	-
Accretion of discounts and issuance costs on preferred stock	-	209,304	-	-	209,304	-	-	(40,548)	(168,756)	(209,304)
Issuance of voting common stock	-	-	-	-	-	31,062	31	342	-	373
Net loss	-	-	-	-	-	-	-	-	(3,590,169)	(3,590,169)
Balance, December 31, 2010	980,391	12,963,413	-	-	12,963,413	314,419	314	-	(12,969,803)	(12,969,489)
Stock-based compensation	-	-	-	-	-	-	-	49,592	-	49,592
Accretion of discounts and issuance costs on preferred stock	-	215,036	-	-	215,036	-	-	(49,592)	(165,444)	(215,036)
Net loss	-	-	-	-	-	-	-	-	(2,378,064)	(2,378,064)
Balance, December 31, 2011	980,391	13,178,449	-	-	13,178,449	314,419	314	-	(15,513,311)	(15,512,997)
Stock-based compensation	-	-	-	-	-	-	-	84,401	-	84,401
Issuance of Series B preferred stock, net of issuance costs and discounts	-	-	387,499	-	-	-	-	-	-	-
Conversion of convertible notes payable and related accrued interest to Series B preferred stock	-	-	541,496	-	-	-	-	-	-	-
President and CEO contributed services	-	-	-	-	-	-	-	170,000	-	170,000
Accretion of discounts and issuance costs on preferred stock	-	222,820	-	166,667	389,487	-	-	(254,401)	(135,086)	(389,487)
Deemed dividend to Series A Preferred stockholders	-	15,661,898	-	-	15,661,898	-	-	-	(15,661,898)	(15,661,898)
Net loss	-	-	-	-	-	-	-	-	(23,074,515)	(23,074,515)
Balance, December 31, 2012	980,391	29,063,167	928,995	166,667	29,229,834	314,419	314	-	(54,384,810)	(54,384,496)
Stock-based compensation	-	-	-	-	-	-	-	1,701,713	-	1,701,713
Allocation of fair value of investor right to Series B preferred stock	-	-	-	6,264,914	6,264,914	-	-	-	-	-
Issuance of Series B preferred stock, net of issuance costs and warrant liability	-	-	387,686	2,000,000	2,000,000	-	-	-	-	-
President and CEO contributed services	-	-	-	-	-	-	-	46,388	-	46,388
Issuance of restricted stock awards	-	-	-	-	-	12,946	13	7,134	-	7,147
Accretion of discounts and issuance costs on preferred stock	-	228,698	-	593,852	822,550	-	-	(822,550)	-	(822,550)
Beneficial conversion feature on convertible promissory note								170,000		170,000
Net income	-	-	-	-	-	-	-	-	13,060,472	13,060,472
Balance, December 31, 2013	980,391	$29,291,865	1,316,681	$9,025,433	$38,317,298	327,365	$327	$1,102,685	$ (41,324,338)	$ (40,221,326)

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Statements of Cash Flows

	Years Ended December 31,		Cumulative for the Period from August 13, 2004 (Inception) to December 31, 2013
	2012	2013	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(23,074,515)	$ 13,060,472	$ (25,032,713)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Stock-based compensation	84,401	1,701,713	2,006,179
Interest converted to preferred stock	306,308	-	593,473
President and CEO contributed services	170,000	46,388	216,388
Amortization of debt discount – non-cash interest expense	21,020	121,374	142,394
Change in fair value of warrant liability, purchase rights and warrant purchase rights	134,500	(16,896,171)	(16,251,271)
Value provided in excess of issuance price of Series B redeemable convertible preferred Stock (Note 11)	21,484,762	-	21,484,762
Depreciation	3,737	-	7,942
Change in assets and liabilities:			
(Increase) decrease			
Prepaid expenses and other current assets	1,262	(5,462)	(8,412)
Accounts payable	47,240	269,315	341,853
Accrued interest on convertible notes payable-related parties	-	2,125	2,125
Accrued expenses	43,239	(6,355)	117,873
Net cash used in operating activities	(778,046)	(1,706,601)	(16,379,407)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of property and equipment	-	-	(7,942)
Net cash used in investing activities	-	-	(7,942)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from convertible notes payable – related parties	-	170,000	5,130,000
Proceeds from issuance of common stock	-	-	3,773
Proceeds from issuance of restricted common stock	-	7,147	7,147
Proceeds from exercise of stock options	-	-	6,435
Borrowings under credit facility, net	500,000	1,000,000	1,500,000
Repayments of credit facility	-	(104,167)	(104,167)
Cash paid for deferred offering costs	-	(78,099)	(78,099)
Net proceeds from issuance of Series A redeemable convertible preferred stock	-	-	9,183,449
Net proceeds from issuance of Series B redeemable convertible preferred stock	1,250,729	2,750,436	4,001,165
Net cash provided by financing activities	1,750,729	3,745,317	19,649,703
NET INCREASE (DECREASE) IN CASH	972,683	2,038,716	3,262,354
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	250,955	1,223,638	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,223,638	$ 3,262,354	$ 3,262,254
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 35,706	$ 34,825	$ 271,180
Income taxes	$ -	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Accretion of redeemable convertible preferred stock	$ 389,487	$ 822,550	$ 1,936,637
Redeemable convertible preferred stock issuance receivable	$ 750,436	$ -	$ -
Fair value of warrants issued in connection with credit facility	$ 88,100	$ 177,952	$ 266,052
Fair value of warrants, purchase rights and warrant purchase rights issued in connection with redeemable convertible preferred stock	$ 26,279,400	$ -	$ 26,279,400
Allocation of fair value of investor purchase rights to redeemable convertible preferred stock	$ -	$ 6,264,914	$ 9,047,714
Offeratory costs in connection with Series B redeemable convertible preferred stock issuance included in accrued expenses	$ 45,750	$ 17,200	$ 62,950
Conversion of notes payable – related parties and accrued interest – related parties into Series B redeemable convertible preferred stock	$ 2,793,474	$ -	$ 2,793,474
Conversion of bridge loans into Series A redeemable convertible preferred stock	$ -	$ -	$ 2,960,649
Deferred offering costs not yet paid	$ -	$ 394,368	$ 394,368
Exercise of Series B warrant purchase rights into warrants	$ -	$ 1,793,600	$ 1,793,600

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements

1. NATURE OF BUSINESS

Aldeyra Therapeutics, Inc. (the Company) was incorporated in the state of Delaware on August 13, 2004 as Neuron Systems, Inc. On December 20, 2012, the Company changed its name to Aldexa Therapeutics, Inc. and on March 17, 2014 the Company changed its name to Aldeyra Therapeutics, Inc. The Company is developing a treatment for diseases related to high levels of free aldehydes, naturally occurring pro-inflammatory toxins. The ongoing research and development activities will be subject to extensive regulation by numerous governmental authorities in the United States. Prior to marketing in the United States, any drug developed by the Company must undergo rigorous preclinical and clinical testing and an extensive regulatory approval process implemented by the United States Food and Drug Administration (FDA) under the Food, Drug and Cosmetic Act. The Company has limited experience in conducting and managing the preclinical and clinical testing necessary to obtain regulatory approval. There can be no assurance that the Company will not encounter problems in the clinical trials that will cause the Company or the FDA to delay or suspend clinical trials.

The Company's success will depend in part on its ability to obtain patents and product license rights, maintain trade secrets, and operate without infringing on the property rights of others, both in the United States and other countries. There can be no assurance that patents issued to or licensed by the Company will not be challenged, invalidated, circumvented, or that the rights granted thereunder will provide proprietary protection or competitive advantages to the Company.

The Company's principal activities to date include raising capital and research and development activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Management's Plans – The accompanying financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

On January 23, 2014 the Company's board of directors and stockholders approved an amendment to the restated certificate of incorporation to effect a one-for-twelve reverse stock split of the Company's common stock, options for common stock, convertible preferred stock, and warrants for convertible preferred stock (the Reverse Stock Split). The par value and the authorized shares of the common and convertible preferred stock will not be adjusted as a result of the Reverse Stock Split. All issued and outstanding common stock, options for common stock, convertible preferred stock, and rights and warrants for convertible preferred stock, as well as the exercise price of each option for common stock, each right and each warrant for convertible preferred stock, and each right for warrants for convertible preferred stock and the conversion price for convertible preferred stock, have been retroactively adjusted to reflect this Reverse Stock Split for all periods presented. All of the share and per share amounts have been adjusted, on a retroactive basis, to reflect this planned one-for-twelve reverse stock split.

Development Stage Operations – The Company's executive personnel have devoted substantially all of their time to date to the planning and organization of the Company, the process of initiating research and development programs, and securing adequate capital for anticipated growth and operations. The Company is subject to a number of risks, including, but not limited to, the need to raise capital through equity and/or debt financings; the uncertainty of whether the Company's research and development efforts will result in successful commercial products; competition from larger organizations; dependence on key personnel and uncertain patent protection. The Company is in its development stage as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 915, *Development Stage Entities*.

Liquidity – At December 31, 2013, the Company had an accumulated deficit of approximately $41.3 million and cash and cash equivalents of approximately $3.3 million. As discussed in Note 11, the Company raised $2.0 million in gross proceeds from the issuance of Series B redeemable convertible preferred stock ("Series B Preferred Stock") in August 2013 as well as collecting the cash in January 2013 from the preferred stock receivable outstanding at December 31, 2012 in the amount of $750,436. In addition, in November 2013, the Company amended its credit facility to provide for

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

and an additional $1.0 million of available funding and subsequently in November 2013 borrowed $1.0 million in the form of a term loan. The terms of the amended credit facility also extended the payment terms of the existing notes under the credit facility for an additional one year period.

The Company's management believes that its currently available resources, including funds obtained from the preferred stock transaction and amended credit facility, will provide sufficient funds to enable the Company to meet its obligations through at least the first quarter of 2015. The Company will need to raise additional capital to implement its near-term business plan. Additional funding may not be available to the Company on acceptable terms, or at all. If the Company is unable to secure additional capital, or meet financial covenants that could be implemented under the Company's term loans in certain circumstances, it will be required to significantly decrease the amount of planned expenditures, and may be required to cease operations.

Curtailment of operations would cause significant delays in the Company's efforts to introduce its products to market, which is critical to the realization of its business plan and the future operations of the Company.

Unaudited Pro Forma Presentation – On October 2, 2013, the Company's board of directors authorized management of the Company to file a registration statement with the Securities and Exchange Commission for the Company to sell shares of common stock to the public. The unaudited pro forma balance sheet information as of December 31, 2013 assumes (1) the automatic conversion of all outstanding shares of the Company's Series A convertible preferred stock and Series B convertible preferred stock into 3,642,799 shares of common stock prior to the closing of this offering, (2) the issuance of 110,647 shares of common stock upon the net exercise of the Company's outstanding warrants to purchase Series A convertible preferred stock and Series B convertible preferred stock assuming an initial public offering price of $11.00 per share, the mid-point of the initial public offering price range reflected on the cover page of this prospectus and the subsequent automatic conversion of such shares of convertible preferred stock into common stock and the related reclassification of liabilities related to convertible preferred stock warrant liability and convertible preferred stock warrant liabilities-related parties totaling $3,518,867 to additional paid-in capital, a component of stockholders' equity (deficit), and (3) the filing of the Company's amended and restated certificate of incorporation immediately prior to the closing of the offering.

The pro forma presentation does not give effect to the conversion of the convertible promissory note issued in the original principal amount of $170,000.

The unaudited pro forma net loss per share for the year ended December 31, 2013 gives effect to the adjustments arising upon the completion of the Company's planned initial public offering as of the beginning of the period presented, which primarily includes assuming that amortization of preferred stock discounts, allocation of undistributed earnings to preferred stock under the two-class method and changes in fair value of the Company's warrants, purchase rights and warrant purchase rights, excluding those that expired during the year, did not occur since the warrants, purchase rights and warrant purchase rights were exercised and converted as of the beginning of the period. It is computed using the weighted-average number of common shares outstanding and gives effect to (i) the automatic conversion of all outstanding shares of the Company's convertible preferred stock into an aggregate of 3,642,799 shares of common stock; and (ii) the net exercise of warrants to purchase 208,378 shares of redeemable, convertible preferred stock immediately prior to the completion of the Company's planned initial public offering that will subsequently be automatically converted into 110,647 shares of common stock.

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company evaluates its estimates and assumptions on an ongoing basis. The most significant estimates in the Company's financial statements relate to accruals, including research and development costs, accounting for income

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

taxes and the related valuation allowance, estimating the fair value of the Company's common and preferred stock, preferred stock warrants, purchase rights and warrant purchase rights, and accounting for stock based compensation and the related fair value. Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions.

Segment Information – Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment, which is the identification and development of a treatment for diseases related to high levels of free aldehydes.

Cash and Cash Equivalents – The Company considers all investments purchased with a maturity of three months or less when acquired to be cash equivalents.

Fair Value of Financial Instruments – Financial instruments including cash and cash equivalents, prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair value based on the short maturities of those instruments. The carrying amount of the Company's term loans under its credit facility approximates market rates currently available to the Company. The fair value of our derivative instruments, including warrants and forms of preferred stock purchase rights, are more fully described in Note 4.

Concentration of Credit Risk – The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Substantially all of the Company's cash is held at two financial institutions that management believes to be of high-credit quality. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Deferred Offering Costs – Deferred offering costs, which primarily consist of legal and accounting fees relating to the Company's initial public offering (IPO), are capitalized. The deferred offering costs will be offset against proceeds from the IPO upon the consummation of the offering. In the event the offering is terminated or significantly delayed, deferred offering costs will be expensed. Deferred offering costs were $472,467 at December 31, 2013, of which $394,368 were accrued at December 31, 2013. No amounts were incurred or deferred as of December 31, 2012.

Intellectual Property – The legal and professional costs incurred by the Company to acquire its patent rights have been expensed as part of operating expenses since inception. At December 31, 2012 and 2013, the Company has determined that these expenses have not met the criteria to be capitalized. Intellectual property related expenses for the years ended December 31, 2012 and 2013 and inception to date from August 13, 2004 through December 31, 2013 were $159,293, $189,965, and $935,358, respectively.

Income Taxes – The Company follows the provisions of FASB ASC 740, *Income Taxes*, in reporting deferred income taxes. ASC 740 requires a company to recognize deferred tax liabilities and assets for expected future income tax consequences of events that have been recognized in the Company's financial statements. Under this method, deferred tax assets and liabilities are determined based on temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in the years in which the temporary differences are expected to reverse. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions pursuant to ASC 740 which prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. If the tax position meets this threshold, the benefit to be recognized is measured as the tax benefit having the highest likelihood of being realized upon ultimate settlement with the taxing authority. The Company recognizes interest accrued related to unrecognized tax benefits and penalties in the provision for income taxes. Management is not aware of any uncertain tax positions.

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Research and Development Costs – Research and development costs are charged to expense as incurred. Research and development expenses include consulting expenses, preclinical studies, clinical trials, clinical trial materials, regulatory and clinical consultants, lab supplies, lab services, lab equipment maintenance and small equipment purchased to support the research laboratory. Research and development costs that are paid in advance of performance are capitalized as a prepaid expense until incurred.

Stock-Based Compensation – Stock-based payments are accounted for in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*. For options, the fair value of stock-based payments is estimated, on the date of grant, using the Black-Scholes option pricing model. For restricted stock, fair value is based on the fair value of the stock on the date of grant. The resulting fair value for restricted stock and options is recognized ratably over the requisite service period, which is generally the vesting period of the applicable restricted stock or option.

Equity instruments issued to nonemployees are accounted for under the provisions of ASC 718 and ASC 505-50, *Equity—Equity-Based Payments to Non-Employees*. Accordingly, the estimated fair value of the equity instrument is recorded on the earlier of the performance commitment date or the date the services are completed and are marked to market during the service period.

A discussion of management's methodology for developing some of the assumptions used in the Black-Scholes option pricing model follows:

Fair Value of Common Stock—Given the lack of an active public market for the Company's common stock, the Company has from time to time engaged an independent third party valuation firm to calculate and provide recommendations to the Company with respect to the fair value of the common stock. In the absence of a public trading market, and as a development stage company with no significant revenues, the Company believes that it is appropriate to consider a range of factors to determine the fair market value of the common stock at each grant date. In determining the fair value of its common stock, the Company uses methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation* (the AICPA Practice Guide). In addition, the Company considered various objective and subjective factors, along with input from an independent third-party valuation firm. The factors included (1) the achievement of technical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies, particularly similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition, and results of operations; (6) the most recent sales of the Company's preferred stock to the extent they were with outside parties; and (7) the preferential rights of the outstanding preferred stock.

Expected Dividend Yield—The Company has never declared or paid cash dividends and has no plans to do so in the foreseeable future.

Expected Volatility—Volatility is a measure of the amount by which a financial variable such as share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not maintain an internal market for its shares, and its shares are not traded publicly. The Company has been able to identify several public entities of similar size, complexity, and stage of development; accordingly, historical volatility has been calculated using the volatility of these companies.

Risk-Free Interest Rate—This is the United States Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.

Expected Term—This is a period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of 10 years. The Company uses a simplified method to calculate the average expected term. For non-employee grants the contractual term is used.

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Expected Forfeiture Rate—The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. The Company estimates the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted. To date, forfeitures have not been material.

From time to time the Company may grant awards with performance conditions necessary to be achieved in order to vest in the award. The company records compensation expense for those awards over the vesting period of the award to the extent the performance conditions are deemed probable of achievement.

From time to time the Company may grant awards with a market condition necessary to be achieved in order to vest in the award. The Company records compensation expense for those awards over the vesting period of the award on a straight-line basis utilizing Monte Carlo simulations to estimate the timing and number of shares that are most likely to vest.

Comprehensive Income (Loss) – Comprehensive income (loss) is defined as the change in equity (deficit) during a period from transactions and other events and/or circumstances from non-owner sources. For all periods presented, comprehensive income (loss) is equal to net income (loss).

Net Income (Loss) Applicable to Common Stock – The Company computes net income (loss) per share in accordance with the two-class method. Under the two-class method, net income is allocated between common stock and other participating securities based on their participation rights. The Company has determined that their outstanding Series A and Series B Preferred Stock represents a participating security and as such the preferred shares are excluded from basic earnings per share. Net losses are not allocated to the preferred stockholders for computing net loss per share under the two-class method because preferred stockholders do not have contractual obligations to share in the losses of the Company. Basic earnings per share is calculated by dividing income allocable to common stockholders (after reduction for preferred stock dividends assuming current income for the period had been distributed) by the weighted average number of common stock outstanding.

Diluted net income per share is computed using the more dilutive of (a) the two-class method, or (b) the if-converted method or treasury stock method, as applicable, to the potentially dilutive instruments. The Company allocates net income first to preferred stockholders based on dividend rights and then to common and preferred stockholders based on ownership interests. The weighted-average number of common shares outstanding gives effect to all potentially dilutive common equivalent shares, including outstanding stock options and restricted stock, warrants, rights to purchase additional shares of preferred stock, rights for warrants to purchase preferred stock and convertible debt.

Recent Accounting Pronouncements – In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)*, which finalizes the requirements of ASU 2011-05 that were deferred by ASU 2011-12. ASU 2013-02 clarifies how to report the effect of significant reclassifications out of accumulated other comprehensive income. ASU 2013-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2012 and early adoption is permitted. The adoption of ASU 2013-02 did not have a material impact on the Company’s financial statements.

On September 13, 2013, Treasury and the Internal Revenue Service issued final regulations regarding the deduction and capitalization of expenditures related to tangible property. The final regulations under Internal Revenue Code Sections 162, 167 and 263(a) apply to amounts paid to acquire, produce, or improve tangible property as well as dispositions of such property and are generally effective for tax years beginning on or after January 1, 2014. We have evaluated these regulations and determined they will not have a material impact on our consolidated results of operations, cash flows or financial position.

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements *(continued)*

3. NET INCOME (LOSS) AND PRO FORMA NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS

Net income (loss) attributable to common stockholders

The following table summarizes the computation of basic and diluted net income (loss) per share attributable to common stockholders of the Company:

	Year Ended December 31,	
	2012	2013
Numerator:		
Basic		
Net income (loss) and comprehensive income (loss)	$ (23,074,515)	$ 13,060,472
Accretion of preferred stock to redemption value	(389,487)	(822,550)
Allocation of undistributed earnings to preferred stockholders	-	(11,128,012)
Deemed dividends	(15,661,898)	-
Net income (loss) attributable to common stockholders – basic	$ (39,125,900)	$ 1,109,910
Diluted		
Net income (loss) attributable to common stockholders – basic	$ (39,125,900)	$ 1,109,910
Less: change in fair value of derivative liabilities	-	(16,175,386)
Net income (loss) available to common stockholders – diluted	$ (39,125,900)	$ (15,065,476)
Denominator:		
Basic		
Weighted-average number of common shares – basic	314,419	318,429
Diluted		
Weighted-average number of common shares – basic	314,419	318,429
Rights (treasury stock)	-	429,663
Stock options (treasury stock)	-	1,675
Warrant purchase rights (treasury stock)	-	107,416
Total weighted average number of common shares – diluted	314,419	857,183
Net income (loss) per share:		
Basic	$ (124.44)	$ 3.49
Diluted	$ (124.44)	$ (17.58)

Because the Company reported a net loss for the year ended December 31, 2012, diluted net loss per common share is the same as basic net loss per common share for that period.

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(A Development Stage Company)

Notes to the Financial Statements *(continued)*

3. NET INCOME (LOSS) AND PRO FORMA NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS…continued

The following potentially dilutive securities outstanding, prior to use of the treasury stock method or if-converted method, have been excluded from the computation of diluted weighted-average shares outstanding, because such securities had an antidilutive impact due to losses reported:

	Year ended December 31,	
	2012	2013
Options to purchase stock	67,237	-
Warrants to purchase Preferred Stock	98,964	60,065
Preferred Stock	1,909,387	995,880
Convertible note payable-related parties	-	7,083
Rights to receive warrants for Preferred Stock	232,248	-
Investor rights to purchase Preferred Stock	928,995	-
Total of common equivalent shares	3,236,831	1,063,028

The Convertible Notes (as defined in Note 6) were convertible into convertible preferred equity securities. The quantity to be converted into would be determined based upon the occurrence and terms of a qualified equity financing, as defined in the applicable agreement, or in the case of a liquidating transaction, as defined in the applicable agreement, it would be converted into Series A preferred stock at a $12.24 conversion rate. The Convertible Notes converted into Series B preferred stock during December 2012.

Pro Forma net income (loss) attributable to common stockholders (unaudited)

	Year ended December 31, 2013
Numerator for pro forma calculation:	
Basic	
Net income (loss) attributable to common stockholders—basic and diluted	$ 13,060,472
Change in fair value of warrants, purchase rights and warrant purchase rights	(2,055,233)
Pro forma net income attributable to common stockholders—basic	$ 11,005,239
Diluted	
Pro forma net income attributable to common stockholders—basic	$ 11,005,239
Change in fair value of derivatives	(14,120,153)
Pro forma net Loss attributable to common shareholders-diluted	$ (3,114,914)
Denominator for pro forma calculation:	
Basic	
Weighted-average number of shares outstanding—basic	318,429
Pro forma adjustments to reflect automatic conversion of outstanding redeemable, convertible preferred	3,642,799
Pro forma adjustments to reflect net exercise of warrants and warrant purchase rights and immediate conversion into common stock consideration	110,647
Weighted-average number of pro forma shares outstanding—basic	4,071,875
Pro forma net loss per share attributable to common stockholders—basic	$ 2.70
Diluted	
Weighted-average number of shares—basic	4,071,875
Stock options	4,941
Warrant purchase rights	67,216
Rights	268,855
Weighted-average number of pro forma shares outstanding—diluted	4,412,887
Pro forma net loss per share attributable to common stockholders—diluted	$ (0.71)

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

4. FAIR VALUE MEASUREMENTS

As of December 31, 2012 and 2013, the carrying amounts of cash and cash equivalents, prepaid expenses and other current assets, credit facility, and accounts payable approximated their estimated fair values because of the short term nature of these financial instruments. The carrying value of the Company's credit facility and convertible notes – related parties in current and long-term liabilities approximates fair value because the Company's interest rate yield is near current market rates available to the Company.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are performed in a manner to maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1—Quoted prices in active markets that are accessible at the market date for identical unrestricted assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Liabilities measured at fair value on a recurring basis as of December 31, 2012 and December 31, 2013 are as follows.

	Level 1	Level 2	Level 3	Total
December 31, 2012:				
Liabilities:				
Preferred Stock Warrant Liability – Series B Preferred Stock	$ -	$ -	$ 2,180,500	$ 2,180,500
Preferred Stock Warrant Liability – Series A Preferred Stock	-	-	87,600	87,600
Convertible preferred stock rights and rights option liabilities – related parties	-	-	24,233,900	24,233,900
Balance at end of period	$ -	$ -	26,502,000	26,502,000
December 31, 2013:				
Liabilities:				
Preferred Stock Warrant Liability – Series B Preferred Stock	$ -	$ -	$ 3,439,059	$ 3,439,059
Preferred Stock Warrant Liability – Series A Preferred Stock	-	-	79,808	79,808
Balance at end of period	$ -	$ -	$ 3,518,867	$ 3,518,867

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements *(continued)*

4. FAIR VALUE MEASUREMENTS…continued

The reconciliation of the Company's liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

Preferred stock warrant liability – Series A Preferred Stock:

	Year Ended December 31,	
	2012	2013
Balance at beginning of period	$ -	$ 87,600
Warrant liability – Series A	88,100	-
Change in fair value	(500)	(7,792)
Balance at end of period	$ 87,600	$ 79,808

Preferred stock warrant liability – Series B Preferred Stock:

	Year Ended December 31,	
	2012	2013
Balance at beginning of period	$ -	$ 2,180,500
Exercise of warrants purchase rights into Series B Warrants	-	1,793,600
Warrant liability – Series B	2,171,000	177,952
Change in fair value	9,500	(712,993)
Balance at end of period	$ 2,180,500	$ 3,439,059

Convertible preferred stock rights liability – Series B Preferred Stock:

	Year Ended December 31,	
	2012	2013
Balance at beginning of period	$ -	$ 19,009,100
Warrants liability	18,906,300	-
Allocation of fair value to preferred stock	-	(6,264,914)
Change in fair value	102,800	(4,557,486)
Expiration of rights	-	(8,186,700)
Balance at end of period	$ 19,009,100	$ -

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements *(continued)*

4. FAIR VALUE MEASUREMENTS…continued

Convertible preferred stock rights option liability – Series B Preferred Stock – related parties:

	Year Ended December 31,	
	2012	2013
Balance at beginning of period	$ -	$ 5,224,800
Exercise of warrants purchase rights into Series B Warrants		(1,793,600)
Warrant liability	5,202,100	-
Change in fair value	22,700	(1,071,500)
Expiration of rights option	-	(2,359,700)
Balance at end of period	$ 5,224,800	$ -

The Company's preferred stock liabilities were classified as level 3 and valued using the Black-Scholes model. The fair values were derived by applying the assumptions described below (see also Notes 11, 12 and 13). These liabilities increased or decreased each period based on the fluctuations of the fair value of the underlying preferred security.

The table below shows the inputs used by instrument to determine the fair value measurements by reporting period:

	December 31, 2012	December 31, 2013
Preferred stock warrant liability – Series A		
Expected dividend yield	0%	0%
Anticipated volatility	88.57%	88.57%
Estimated stock price	$48.48	$45.20
Exercise price	$12.24	$12.24
Expected life (years)	6.28	5.28
Risk free interest rate	1.01%	1.75%
Preferred stock warrant liabilities – Series B		
Expected dividend yield	0%	0%
Anticipated volatility	88.57%	88.57%
Estimated stock price	$25.56	$19.92
Exercise price	$5.16	$5.16
Expected life (years)	4.97	3.97– 6.89
Risk free interest rate	0.71%	0.78% – 2.45%

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

4. FAIR VALUE MEASUREMENTS…continued

	December 31, 2012	December 31, 2013
Preferred stock investor purchase rights liability – Series B		
Expected dividend yield	0%	–
Anticipated volatility	88.57%	–
Estimated stock price	$25.56	–
Exercise price	$5.16	–
Expected life (years)	0.75	–
Risk free interest rate	0.14%	–
Preferred stock warrants purchase rights liability – Series B		
Expected dividend yield	0%	–
Anticipated volatility	88.57%	–
Estimated stock price	$22.44	–
Exercise price	–	–
Expected life (years)	0.75	–
Risk free interest rate	0.14%	–

5. ACCRUED EXPENSES

Accrued expenses at December 31, 2012 and 2013 were:

	2012	2013
Accrued payroll taxes	$ 8,837	$ 8,837
Legal expenses	88,758	38,102
Research and development expenses	8,000	4,410
Compensation accruals	12,883	–
Taxes	–	7,256
Accounting and tax	–	54,486
Interest	–	2,772
Issuance costs	5,750	–
Other accruals	–	2,010
	$124,228	$117,873

6. CONVERTIBLE NOTES PAYABLE – RELATED PARTIES

On December 21, 2010, the Company issued convertible notes pursuant to a loan agreement with Domain Associates, L.L.C. and Johnson & Johnson Development Corporation, related parties, (“Convertible Notes”) with a principal amount of $2.2 million which was the fair value of the Convertible Notes on date of issuance (Note 4). The outstanding principal of the Convertible Notes, together with all accrued and unpaid interest thereon, was payable in full on the earlier to occur of (i) written election of the holders on or after August 31, 2011 or (ii) or an event of default. Since the holders of these notes could elect to redeem on or after August 31, 2011, the Company included these Convertible Notes payable in current liabilities. All borrowings outstanding carried a 12% interest rate per year. The Convertible Notes would automatically convert upon a financing of at least $10.0 million in gross proceeds or a liquidating transaction. Upon a liquidating transaction, the number of shares of Series A Preferred Stock would be determined by dividing the outstanding principal and interest on that date by $12.24. Upon a financing transaction, the number of shares in the new stock being issued would be determined by dividing the outstanding principal and interest on that date by the

6. CONVERTIBLE NOTES PAYABLE – RELATED PARTIES…continued

per share purchase price of the equity stock in the financing. On December 20, 2012, the loan agreement was amended to allow for conversion of the Convertible Notes upon a financing of $2.0 million in gross proceeds. This resulted in the automatic conversion of the then outstanding convertible notes payable principal balance amount of $2.2 million plus accrued interest of $593,474 into 541,496 shares of Series B Preferred Stock at the Original Issue Price of $5.16 per share, which is the stated value of the Series B Preferred Stock.

In October 2013, the Company issued a convertible promissory note to Domain Partners VI, L.P., a related party, in a principal amount of $170,000, which was amended in February 2014 to extend its maturity date. The note accrues interest at a rate of 6% per annum, and will become due and payable in June 2014 unless it is converted into shares of the Company's capital stock prior to such time pursuant to its terms. The note provides that it shall automatically convert at the first to occur of:

- a Next Equity Financing, as defined, into shares of the equity security issued and sold in the Next Equity Financing at a conversion price equal to the purchase price per share of the equity securities issued and sold to the purchasers thereof in the Next Equity Financing.
- an Initial Public Offering, as defined, into shares of the equity securities issued and sold in the Initial Public Offering at a conversion price equal to the purchase price per share of the equity security issued and sold to the public in the Initial Public Offering.
- a Change in Control, as defined, into shares of the Series B Preferred Stock of the Company at the conversion price then in effect for such Series B Preferred Stock.
- at the Maturity Date of June 14, 2014 into shares of, at the holder's election, the Series B Voting Preferred Stock or Series B Nonvoting Preferred Stock of the Company, at the Series B Conversion Price then in effect.

The Company recorded the difference between the current Series B Preferred Stock Conversion price and the fair value of the Series B Preferred Stock at the date of issuance, limited to the face amount of the convertible promissory note of $170,000, as a beneficial conversion feature. This is reflected as a debt discount and is being amortized to interest expense through the note's maturity date. At December 31, 2013, the note is shown on the accompanying balance sheet net of a debt discount of $85,000.

7. CREDIT FACILITY

On April 12, 2012, the Company entered into a loan and security agreement ("Credit Facility") with a bank with availability in the amount of $500,000, to help fund the operations of the Company. Under the terms of this agreement, the Company may take advances on the Credit Facility for general working capital purposes and for capital expenditures. Interest shall accrue from the date of each advance equal to the greater of (a) 2.75% above the prime rate then in effect, or (b) 6.50%. Any amounts outstanding shall be payable in 24 equal monthly installments of principal, plus all accrued interest, beginning on May 12, 2013 until the loan maturity date of April 13, 2015. There will be no penalties for prepayment of the principal balance. The Credit Facility is subject to certain financial covenants. The interest rate since inception of this loan has been in accordance with (b) above, 6.50%. The Credit Facility is secured by all of the property of the Company. In conjunction with obtaining the Credit Facility, the Company issued a warrant to purchase for 2,042 shares of Series A Preferred Stock (Note 12). The warrant was valued at $88,100 on the date of issuance and recorded as a discount on the Credit Facility and is being amortized using the effective interest method through the maturity date of the Credit Facility.

During 2012, the Company received two advance payments totaling $500,000, the maximum borrowings under the Credit Facility. In accordance with this agreement, the Company was only required to make monthly interest payments until April 12, 2013, at which time the Company would begin to make monthly principal payments in a fixed amount of $20,833 plus interest.

7. CREDIT FACILITY…continued

On November 20, 2013, the Company amended their Credit Facility with the same bank. The amendment provided an additional $1.0 million of available funds under the facility. The Company received an advance payment of $1.0 million in November 2013 through a term loan. The amended Credit Facility calls for interest only payments at a 6.50% interest rate from November 2013 through November 2014 for all amounts outstanding, inclusive of those amounts originally drawn during 2012 prior to the amendment, at which point, the Company is required to make principal payments of $58,160 plus interest through the maturity date of the term loans in November 2016. The Credit Facility, as amended, will have financial covenants established at a future date if the Company has not completed a financing transaction described in the agreement by March 31, 2014.

Both the original Credit Facility and the Credit Facility, as amended, are secured by all the intellectual property of the Company.

Future maturities of the existing term loans under the Credit Facility as of December 31, 2013 are as follows:

Years	Amount
2014	$ 58,160
2015	697,920
2016	639,754
	$ 1,395,834

In conjunction with obtaining the amended credit facility, the Company issued a warrant exercisable for 9,692 shares of Series B Preferred Stock with an exercise price of $5.16 per share and a term of seven years (Note 12). The warrant was valued at $177,952 and, together with the fair value of the warrant issued in connection with the April 12, 2012 Credit Facility ($88,100), was recorded as a discount on the Credit Facility. These discounts are being amortized using the effective interest method through the current maturity date of the Credit Facility in November 2016. The amendment to the credit facility was determined to be a modification in accordance with ASC 470, *Debt* and did not result in extinguishment.

At December 31, 2012 and 2013, the Credit Facility is shown net of a debt discount of $67,080 and $208,659, respectively.

8. INCOME TAXES

No provision for taxes has been recorded as the Company has incurred losses since inception for tax purposes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities at December 31, 2012 and December 31, 2013, are as follows:

	December 31, 2012	December 31, 2013
Security deposits	$ 1,159	$ -
Intangibles - net	1,627,594	1,395,749
Accounts payable and accrued expenses	77,290	336,324
Federal NOL carryforward	3,159,488	3,691,627
State NOL carryforward	432,717	515,355
Federal R&D credit carryforward	183,786	232,734
State R&D credit carryforward	6,472	16,372
Stock options	85,886	735,595
Other assets	(1,159)	(3,833)
Note discounts	-	(133,791)
Equipment	107	-
Less valuation allowance	5,573,340	(6,786,132)
Net deferred tax assets (liabilities)	$ -	$ -

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Notes to the Financial Statements *(continued)*

8. INCOME TAXES...continued

In assessing the realizability of net deferred taxes in accordance with ASC 740, *Income Taxes*, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based on the weight of available evidence, primarily the incurrence of net losses since inception and anticipated net losses in the near future, the Company does not consider it more likely than not that some or all of the net deferred taxes will be realized. Accordingly, a 100% valuation allowance has been applied against net deferred taxes.

At December 31, 2012 and 2013, the Company had federal net operating loss carry forwards of approximately $9.3 million and $10.9 million, respectively, and state net operating loss carry forwards of approximately $8.2 million and $9.8 million, respectively, available to reduce federal and state taxable income expiring in varying amounts through 2033. As of December 31, 2013, the Company had federal and state tax carryovers of credits for increasing research activities ("R&D tax credits") of approximately $233,000 and $25,000, respectively, which will expire at various dates through 2033.

Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may result in a limitation on the amount of net operating loss carryforwards which can be used in future years.

All tax years are open for examination by the taxing authorities for both federal and state purposes.

A reconciliation of the federal statutory tax rate of 34% to the Company's effective income tax rates is as follows:

	Year ended December 31,	
	2012	2013
Statutory tax rate	34.00 %	34.00%
State taxes, net of federal benefits	0.24 %	-%
Mark to market items	(31.86)%	(42.85)%
Federal research and development credits	0.06 %	(0.37)%
Change in valuation allowance	(2.48)%	8.99%
Other	0.03 %	0.23%
Effective tax rate	0.00 %	0.00%

The Company accounts for uncertain tax positions pursuant to ASC 740 which prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. If the tax position meets this threshold, the benefit to be recognized is measured as the tax benefit having the highest likelihood of being realized upon ultimate settlement with the taxing authority. The Company recognizes interest accrued related to unrecognized tax benefits and penalties in the provision for income taxes. Management is not aware of any uncertain tax positions.

9. STOCK INCENTIVE PLAN

The Company has three incentive plans. One was adopted in 2004 ("2004 Plan") and provided for the granting of stock options and restricted stock awards to employees, board members and consultants and generally prescribed a contractual term of seven years. The 2004 Plan terminated in August 2010. However, grants made under the 2004 Plan are still governed by that plan. As of December 31, 2012 and 2013, options to purchase 23,954 shares of common stock at an exercise price of $3.24 per share remained outstanding under the 2004 Plan.

The Company approved an incentive plan in 2010, the 2010 Employee, Director and Consultant Equity Incentive Plan ("2010 Plan"). The 2010 Plan was approved by the board of directors in September 2010 under the provision of Internal Revenue Code Section 422. The 2010 Plan provides for the granting of stock options and restricted stock awards to certain employees, members of the board of directors and consultants of the Company. The 2010 Plan became effective on

9. STOCK INCENTIVE PLAN...continued

adoption and, with respect to new grants as of September 2010, replaced the Company's 2004 Plan. As of December 31, 2013, the number of shares of common stock authorized for issuance in connection with the 2010 Plan was 681,788. As of December 31, 2012 and 2013, there were 106,309 and 14,649 shares, respectively, that were available for issuance under the 2010 Plan.

Terms of stock award agreements, including vesting requirements, are determined by the board of directors, subject to the provisions of the 2010 Plan. Options granted by the Company typically vest over a four year period. Certain of the options are subject to acceleration of vesting in the event of certain change of control transactions. The options may be granted for a term of up to ten years from the date of grant. The exercise price for options granted under the 2010 Plan must be at a price no less than 100% of the estimated fair value of the shares on the date of grant as determined by the board of directors, provided that with an incentive stock option granted to an employee who at the time of grant owns stock representing more than 10% of the voting power of all classes of stock of the Company, the exercise price shall be no less than 110% of the estimated value on the date of grant.

The Company also approved an incentive plan in 2013, the 2013 Equity Incentive Plan ("2013 Plan"). The 2013 Plan was approved by the board of directors in October 2013 under the provision of Internal Revenue Code Section 422. The 2013 Plan provides for the granting of stock options, restricted stock, stock appreciation rights, stock units, and performance cash awards to certain employees, members of the board of directors and consultants of the Company. The 2013 Plan became effective on adoption, although no awards may be granted prior to the Registration Date of the Company's initial public offering. As of December 31, 2013, the number of shares of common stock authorized for issuance in connection with the 2013 Plan was 625,000. As of the first business day of each fiscal year of the Company during the term of the Plan, commencing on the first day of the Company's 2015 fiscal year, the aggregate number of common shares that may be issued under the Plan shall automatically increase by a number equal to the least of (a) 4% of the total number of common shares outstanding on the last calendar day of the prior fiscal year, (b) subject to adjustment for certain corporate transactions, 333,333 common shares, or (c) a number of common shares determined by the Company's board of directors.

The following table summarizes option activity under the incentive plans:

	Stock Options Outstanding	Weighted-Average Exercise Price
Options outstanding at January 1, 2012	51,037	$ 3.24
Granted	28,695	$ 3.24
Forfeited	(12,500)	$ 3.24
Options outstanding at December 31, 2012	67,232	$ 3.24
Granted	542,610	$ 1.26
Options outstanding at December 31, 2013	609,842	$ 1.48

Included with the options granted for the year ended December 31, 2013 are two grants of options exercisable for a total of 32,014 common shares for which vesting is contingent on certain performance conditions. For options granted containing performance conditions, the fair value is determined on the date of grant. For the year ended December 31, 2013, there was no expense recorded relating to the options as the performance conditions were not considered to be probable of being met.

In June 2013, the Company issued 12,948 restricted stock awards, the only restricted stock awards issued by the Company since inception, and then modified the terms on September 8, 2013 to fully vest the awards. Accordingly, the value of the award of $216,000 was fully expensed during the year ended December 31, 2013. The fair value of the award was determined on the grant date fair market value per share. The Company recorded a reduction to the contributed services expense of approximately $173,000 during the year ended December 31, 2013 related to this award as the individual holder of this award transferred 80% of the rights to this award to a stockholder of the Company during September 2013 (Note 10).

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Notes to the Financial Statements *(continued)*

9. STOCK INCENTIVE PLAN...continued

The following table summarizes information about stock options outstanding at:

Period Ending	Number Exercisable	Outstanding Shares Weighted-Average Remaining Contractual Life	Exercisable Shares Weighted-Average Remaining Contractual Life
December 31, 2013	96,949	9.32	7.41
December 31, 2012	38,760	7.13	1.15

The Company records stock-based compensation related to stock options granted at fair value. During the years ended December 31, 2012 and 2013, the Company used the Black-Scholes option-pricing model to estimate the fair value of stock option grants and to determine the related compensation expense. The assumptions used in calculating the fair value of stock-based payment awards represent management's best estimates. The assumptions used in determining fair value of the employee stock options for the years ended December 2012 and 2013, are as follows:

	December 31, 2012	December 31, 2013
Expected dividend yield	0%	0%
Expected volatility	88.57%	88.57%
Estimated stock price	$3.24 - $14.64	$10.56 - $11.03
Exercise price	$3.24	$0.552 - $4.56
Expected life (years)	7.24	5.47 - 7.85
Risk free interest rate	1.24% - 2.23%	1.71% - 2.34%

On June 21, 2013, the Company granted 300,147 employee options to purchase common stock each with an exercise price of $3.24 per share, which is equivalent to the grant date fair value. The awards had various vesting provisions through a period of up to four years. On September 8, 2013, the Company modified the awards. This modification did not affect the remaining service period. This modification reduced the exercise price from $3.24 per share to $0.552 per share. This modification resulted in an increased value from the original grant date of approximately $221,000. This incremental compensation cost is being recorded over the remaining vesting period of approximately four years. On October 30, 2013 the vesting provisions for certain of these options were revised and became based on the Company's Closing Market Capitalization, as defined. This modification resulted in an increased value from the original grant date of approximately $322,000 and was determined based on Monte Carlo simulations that estimated the timing and number of shares that are most likely to vest. This incremental compensation cost is being recorded over approximately four years, which is the approximate number of years that the Monte Carlo simulations predict that the Closing Market Capitalization could be reached.

At December 31, 2013, there is approximately $4.8 million of unrecognized compensation cost relating to stock options outstanding, which the Company expects to recognize over a weighted average period 3.4 years. Total unrecognized compensation cost will be adjusted for future forfeitures, if necessary.

The Company has also issued stock options to non-employees at various grant dates from inception. In determining the expense associated with their vesting, those non-employee stock options were valued using the Black-Scholes option-pricing model using the fair value of the common stock and the following assumptions:

	December 31, 2012	December 31, 2013
Expected dividend yield	0%	0%
Anticipated volatility	88.57%	88.57%
Estimated stock price	$3.24 - $14.64	$11.85
Exercise price	$3.24	$3.24
Expected life (years)	2.86 - 8.25	3.27 - 3.35
Risk free interest rate	0.36% - 1.11%	0.78%

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Notes to the Financial Statements *(continued)*

9. STOCK INCENTIVE PLAN...continued

There were no options granted to consultants during the year ended December 31, 2012. There were 4,802 options issued to consultants during the year ended December 31, 2013. The related stock-based compensation is subject to remeasurement and is being expensed over the related service term.

The total intrinsic value of options exercised in the year ended December 31, 2012 was $142,500. There were no options exercised during the year ended December 31, 2013. The total aggregate intrinsic value of stock options outstanding as of December 31, 2012, and 2013 was $7.9 million and $6.3 million, respectively. The intrinsic value of options vested as of December 31, 2012 and 2013 was $529,340 (total fair value of $667,887) and $925,498 (total fair value of $1.1 million), respectively. The weighted average exercise price of fully vested shares as of December 31, 2012 and 2013 was $3.04 and $2.06, respectively. The total weighted average grant date fair value of stock options for the years ended December 31, 2012 and 2013 was $2.52 and $10.64 per share, respectively.

Stock-based compensation is recognized for stock options granted to employees and non-employees and has been reported in the Company's statement of operations as follows:

	Year Ended December 31,		Cumulative Period from August 13, 2004 (Inception) to December 31,
	2012	2013	2013
Research and development expenses	$79,415	$ 481,598	$ 741,740
General and administrative expenses	4,986	1,220,115	1,264,439
Total stock-based compensation expense	$84,401	$1,701,713	$ 2,006,179

10. COMMON STOCK

The rights and preferences of Non-Voting Common Stock are substantially identical to those of the Voting Common Stock, except that such shares shall have no voting rights.

President and CEO contributed services

The Company's President and Chief Executive Officer ("CEO") was hired on January 6, 2012 on a half-time basis and on April 15, 2013, he began working full-time for the Company. During the period from January 6, 2012 through October 14, 2013, he was not paid a salary by the Company and was an employee and paid a salary by Domain Associates, LLC ("Domain"), a related party. The value of his services has been reflected in the statement of operations as an expense and recorded as a contribution of capital. For the year ended December 31, 2012, the value of his services was $170,000. For the year ended December 31, 2013, the value of his services was $219,167. The amount of contributed services for the year ended December 31, 2013 of $219,167 was then reduced by $172,779 as a result of vested shares of restricted stock issued to the CEO and then assigned to Domain during that same period. The value of restricted stock is included as a component of stock-based compensation expense for the year ended December 31, 2013.

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK

Series A Preferred Stock

In June 2008, the Company authorized a total of 13,764,706 shares of Series A redeemable, convertible preferred stock ("Series A Preferred Stock") of which 490,197 shares were issued for $12.24 per share resulting in gross proceeds of $6.0 million and 241,883 shares were issued in connection with the conversion of $2.8 million of bridge notes and related $200,649 of accrued interest.

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK...continued

In connection with the sale of Series A Preferred Stock, in June 2008, the Company recorded a separate preferred stock liability as the investors received the right to purchase from the Company, on the same terms, 248,311 additional shares of Series A Preferred Stock in a second tranche ("Series A Rights"). The original purchasers of the Series A Preferred Stock in the June transaction had the ability to sell some of the shares of the Series A Preferred Stock and still retained the ability to exercise the right to the future purchase of Series A Preferred Stock and, accordingly, the Series A Rights were determined to be a freestanding derivative liability instrument.

At the time of issuance, the Company recorded a liability for the initial fair value of the Series A Rights. The Series A Rights were valued at $1.5 million using the Black-Scholes pricing model with the following assumptions: two year expected term, a risk-free rate of 2.98% and volatility of 88.57%. The initial value assigned to the rights was recorded as a discount to the Series A Preferred Stock and the discount is being accreted over the period through the earliest redemption date of the Series A Preferred Stock as a non-cash dividend.

As the Series A Rights are exerciseable for shares of a redeemable instrument, they are classified as a liability in accordance with ASC 480, *Distinguishing Liabilities from Equity,* and are subject to re-measurement at each balance sheet date and changes to fair value are recognized as a component of other income (expense) in the accompanying statement of operations and comprehensive loss.

In February 2010, the Series A Preferred Stock investors exercised their Series A Rights to purchase all of the additional shares of Series A Preferred Stock contemplated under the right in a second tranche sale of Series A Preferred Stock. In connection with the second tranche sale, there were 248,311 shares of Series A Preferred Stock issued, all of which were from the exercise of the Series A Rights. The second tranche sale resulted in gross proceeds to the Company of $3.0 million.

In connection with the exercise of the Series A Rights, the Company performed a final valuation of the Series A Rights immediately prior to exercise resulting in a valuation of approximately $1.9 million and reclassified the fair value on extinguishment to the Series A Preferred Stock purchased in the second tranche.

In connection with a December 2012 preferred stock transaction, certain features of the Series A Preferred Stock were modified. The significant changes included the following:

- Liquidation preference increased from one times the original issue price of the Series A Preferred Stock to three times the original issue price.
- Participation preference originally capped at three times the original issuance price to no cap on participation.
- Conversion terms were modified to allow for the conversion price to fully ratchet down to the price on subsequent issuance of equity at a lower price. The terms previously only allowed for a partial ratchet to the lower conversion price.

The change in the terms of the Series A Preferred Stock were evaluated and the change was determined to be a modification. The Company recorded a deemed dividend of $15.7 million for the year ended December 31, 2012 calculated based on the difference in the fair value immediately before and immediately after the modification. This deemed dividend was recognized as an increase to the face value of Series A Preferred Stock with an offset to retained earnings.

Series B Preferred Stock

In December 2012, the Company authorized a total of 36,205,634 shares of Series B redeemable, convertible preferred stock ("Series B Preferred Stock") of which 387,499 shares were issued for $5.16 per share resulting in gross proceeds of $2.0 million and 541,496 shares were issued in connection with the conversion of $2.2 million of convertible notes and related $593,474 of accrued interest (see Note 6).

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK...continued

Each investor participating in the December 2012 Series B financings, including those holding the Convertible Notes that were converted in connection with the December Series B Preferred Stock financing, received warrants exercisable for a number of shares of Series B Preferred Stock ("Series B Warrants") equal to the 25% of the shares of Series B Preferred Stock purchased in the financing transaction. There was a total of 96,921 shares underlying Series B Warrants issued in connection with the transaction. The Series B Warrants have an exercise price of $5.16 per share, are immediately exercisable and have a term of five years. As the Series B Warrants are exercisable for redeemable shares, the Company recorded a liability in accordance with ASC 480 for the initial fair value of the Series B Warrants. The Series B Warrants were valued at $2.2 million using the Black-Scholes pricing model with the following assumptions: a term of 5 years, a risk-free rate of 0.77%, volatility of 88.57% and fair value on date of issuance of $25.44 per share.

In connection with the sale of Series B Preferred Stock in December 2012, the Company recorded a separate preferred stock liability as the investors received the right to purchase from the Company, on the same terms, 928,995 additional shares of Series B Preferred Stock, in a second tranche ("Series B Rights"). The Series B Right also provided for warrants ("Series B Rights-Warrants") exercisable for Series B Preferred Stock to be issued with the shares exercised under Series B Rights with the same terms and conditions as those warrants issued to the purchasers of the Series B Preferred Stock in the first tranche ("Series B Rights-Warrants"). The Series B Rights provided warrants for 25% of the shares of the Series B Preferred Stock exercised under the right for purchase in the second tranche. The original purchasers of the Series B Preferred Stock in the December transaction had the ability to sell some of the shares of the Series B Preferred Stock and still retained the ability to exercise the right to the future purchase of Series B Preferred Stock and, accordingly, the Series B Rights were determined to be a freestanding derivative liability instrument.

The Company recorded a preferred stock liability in December 2012 for the initial fair value of the Company's obligation to sell the convertible preferred stock for the second tranche of Series B Preferred Stock and the associated warrants that would be provided. The Series B Rights preferred stock liability was valued at $18.9 million using the Black-Scholes pricing model with the following assumptions: a 10 month expected term, a risk-free rate of 0.15%, volatility of 88.57% and fair value on date of issuance of $25.44 per share. The Series B Rights-Warrants preferred stock liability was valued at $5.2 million using the Black-Scholes pricing model with the following assumptions: a 10 month expected term, a risk-free rate of 0.13% volatility of 88.57% and fair value on date of issuance of $22.44 per underlying warrant.

The initial values assigned to the Series B Rights, Series B Rights-Warrants and Series B Warrants were recorded as discounts to the Series B Preferred Stock to the extent of gross proceeds received in connection with the financing transaction and those discounts are being accreted over the period through the earliest redemption date of the Series B Preferred Stock via recordings of a non-cash dividend. The amount of value received in excess of issuance price of Series B Preferred Stock of $21.5 million was recorded as an expense in the statements of operations and comprehensive income (loss).

The Series B Rights, Series B Rights-Warrants and Series B Warrants are each exercisable into shares or share options for redeemable stock and are classified as liabilities in accordance with ASC 480 and are subject to re-measurement at each balance sheet date and changes to fair value are recognized as a component of other income (expense) in the statement of operations and comprehensive loss. See Note 4 for disclosure of changes in fair value and inputs used to calculate fair value using the Black-Scholes model.

In August 2013, the Series B investors exercised their right and purchased 387,686 additional shares of Series B Preferred Stock in connection with the second tranche. The second tranche sale resulted in gross proceeds of $2.0 million. The Company performed a final valuation of the exercised Series B Rights immediately prior to exercise resulting in a valuation of approximately $6.3 million and reclassified the fair value upon extinguishment to the Series B Preferred Stock purchased in the second tranche. The combination of the $2.0 million gross cash proceeds and the $6.3 million fair value of the Series B Rights resulted in an initial fair value of the Series B Preferred Stock issued in August 2013 of $8.3 million, prior to any discounts for direct costs associated with the transaction. The resulting

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Notes to the Financial Statements *(continued)*

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK...continued

warrants associated with the exercised Series B Rights were initially recorded at the final fair value of the Series B warrant purchase rights on the date of exercise and continued to be carried at fair value and those warrants remain outstanding as of December 31, 2013. The unexercised Series B Rights for 541,309 shares of Series B Preferred Stock and the associated Series B Rights-Warrants expired on October 1, 2013. As the unexercised Series B Rights and associated Series B Rights-Warrants had intrinsic value on the date of expiration, the Company recorded a gain of $10.5 million relating to the final fair value measurement adjustment on the date of expiration.

The following is a summary of the Company's redeemable convertible preferred stock.

Preferred stock consisted of the following as of December 31, 2012:

	Preferred Shares Authorized	Issuance Date	Preferred Shares Issued and Outstanding	Redemption Value	Carrying Value
Series A - voting	11,786,216	June 2008 and February 2010	875,995	$ 10,722,191	$ 24,485,280
Series A - nonvoting	11,786,216	June 2008 and February 2010	104,396	$ 1,277,807	4,577,887
					$ 29,063,167
Series B - voting	18,102,817	December 2012	829,823	$ 4,280,891	$ 138,684
Series B - nonvoting	18,102,817	December 2012	99,172	$ 511,609	27,983
					$ 166,667

Preferred stock consisted of the following as of December 31, 2013:

	Preferred Shares Authorized	Issuance Date	Preferred Shares Issued and Outstanding	Redemption Value	Carrying Value
Series A - voting	12,000,000	June 2008 and February 2010	875,995	$ 10,722,191	$ 24,695,300
Series A - nonvoting	12,000,000	June 2008 and February 2010	104,396	$ 1,277,807	4,596,565
					$ 29,291,865
Series B - voting	19,000,000	December 2012 and August 2013	1,182,854	$ 6,102,107	$ 7,834,317
Series B - nonvoting	19,000,000	December 2012 and August 2013	133,827	$ 690,387	1,191,116
					$ 9,025,433

The differences between the respective preferred stock redemption values and carrying values are being accreted over the period from the date of issuance to the earliest redemption date of June 23, 2015. Costs incurred in connection with the issuances of Series A - voting, Series A - nonvoting, Series B - voting and Series B - nonvoting redeemable convertible preferred stock, (collectively, the "Preferred Stock") through December 31, 2012, and 2013, were approximately

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK...continued

$102,301 and $119,501, respectively, which have been recorded as a reduction to the carrying amounts of Preferred Stock, and are being accreted to the carrying value of the applicable preferred stock to the earliest redemption date of June 23, 2015.

Conversion **–** Each share of Preferred Stock is convertible into either shares of Voting Common Stock or Non-Voting Common Stock, at the election of the holder at any time after the date of issuance of such share. The conversion price is initially defined as the original issue price of $12.24 for Series A Preferred Stock and $5.16 for Series B Preferred Stock. Preferred Stock is subject to adjustments from time to time for stock splits, stock dividends, and recapitalization. Additionally, the conversion price of each of the series of convertible preferred stock is subject to adjustment upon certain deemed sales of common stock at a price less than the then applicable conversion price. The conversion to common stock results from dividing the applicable original issue price by the applicable conversion price. Each share of Voting Preferred Stock and each share of Non-Voting Preferred Stock shall be convertible into one share of the same such series of Non-Voting Preferred Stock or one share of the same such series of Voting Preferred Stock without the payment of any additional consideration by the holder. The Series A and Series B preferred stock is automatically and separately convertible into shares of Voting Common Stock or Non-Voting Common Stock at the election of the holder in the event of (i) election of at least 67% of the respective outstanding Series A and Series B Preferred Stock holders (Series A and Series B voting as separate single classes (ii) each share of Preferred Stock shall be automatically converted upon the closing of an initial public offering of at least $30.0 million in proceeds to the corporation and a public offering price per share equal to at least $15.4764 (subject to adjustments for stock dividends, splits, combinations and similar events).

As of December 31, 2012 and December 31, 2013, there were no changes in the applicable conversion price for the Series B. As of December 31, 2012 and 2013, the applicable conversion price for the Series A was reduced to $9.0252 and $5.16, respectively as a result of the two issuances of Series B preferred stock.

Liquidation Preference and Participation **–** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, sale of substantially all of the assets of the Company or consolidation or merger of the Company with or into another entity whereby less than 50% ownership is maintained by the holders of Common Stock and Preferred Stock, each share of the Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Common Stock, an amount equal to three times the applicable original issue price per share (calculated to be $36.72 per Series A share and $15.4764 per Series B share), plus any dividends declared but unpaid on such shares. As of December 31, 2013, the liquidation values of Series A and Series B Preferred Stock are $36.0 million and $20.4 million, respectively. Each share of preferred stock after receipt of the liquidation preference, participates equally per share with common stockholders.

Dividends **–** Prior and in preference to any declaration or payment of any dividends to the holders of shares of Common Stock, the holders of shares of the Preferred Stock shall be entitled to receive dividends, at the rate of 8% of the applicable Original Issue Price of the applicable original issue price per share per annum. Such dividends shall be payable when, as and if declared by the board of directors, and shall not be cumulative. After payment of the dividend, the Preferred Stock shall share in dividends with holders of Common Stock in proportion to the number of shares of common stock the preferred stockholders would convert into on an as-converted basis. No dividends have been declared to date.

Voting Rights **–** The voting preferred stock, voting as a single class, shall be entitled to elect two members of the board of directors (the “Preferred Directors”); the voting common stock, voting as a separate class, shall be entitled to elect one member to the board of directors; and the Voting Common Stock and the Series A Voting Preferred Stock, voting together as a single class on an as-converted basis, shall be entitled to elect the remaining members to the board of directors. These rights terminate upon the earlier of a closing of an IPO resulting in proceeds to the Company of $30 million and a price per share price of $15.4764 (subject to adjustments for stock dividends, splits, combinations and similar events) or a liquidating transaction as described upon in the liquidation preference.

ALDEYRA THERAPEUTICS, INC.

(A Development Stage Company)

Notes to the Financial Statements *(continued)*

11. REDEEMABLE CONVERTIBLE PREFERRED STOCK...continued

Redemption **–** At any time after June 23, 2015, the holders of at least two-thirds of the voting power of all then outstanding shares of Preferred Stock, voting together as a single class, may elect to require the Company to redeem for cash all of the then outstanding shares of Preferred Stock. The Company will effect such redemption by paying in cash in exchange for each series of preferred stock the original issue price of each such series in three annual installments with the first being due 60 days after receiving notice of redemption. All declared but unpaid dividends shall be paid concurrently with any redemption.

12. STOCK PURCHASE WARRANTS

On April 12, 2012, in connection with the signing of the Credit Facility agreement (Note 8), the Company granted warrants to purchase 2,042 shares of Series A Preferred Stock ("Series A Warrants") at an exercise price of $12.24 per share to a commercial bank. The warrant was exercisable immediately and had a seven-year life. As the Series A Warrants were exercisable for shares of redeemable stock, they were classified as a liability in accordance with ASC 480-10 and will be marked to market at each reporting period with changes in fair value being reported as a component of operating income/expense in the statement of operations and comprehensive income (loss). The Series A Warrants were initially valued at $88,100 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.44%; dividend yield of zero; expected volatility rate of 88.57%; with an expected life of seven years.

On December 20, 2012, in connection with the sale and issuance of Series B Preferred Stock on that date, the Company granted warrants to purchase 96,921 shares of Series B Preferred Stock at an exercise price of $5.16 per share to the Series B Preferred Stock investors. The warrants were exercisable immediately and have a five-year life. The December issuance of the warrants was initially valued at $2.2 million using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.77%; dividend yield of zero; expected volatility rate of 88.57%; with an expected life of five years.

On August 14, 2013, in connection with the sale and issuance of Series B Preferred Stock on that date, the Company granted warrants to purchase 96,921 shares of Series B Preferred Stock at an exercise price of $5.16 per share to the Series B Preferred Stock investors. The warrants were exercisable immediately and had a five-year life. The August issuance of warrants was initially valued at $1.8 million using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.48%; dividend yield of zero; expected volatility rate of 88.57%; with an expected life of five years.

On November 20, 2013, the Company granted a warrant exercisable for 9,692 shares of Series B Preferred Stock to Square 1 Bank in connection with the amendment to the Credit Facility. The warrant has an exercise price of $5.16 and a term of seven years. The December 2012, August 2013 and November 2013 warrants are collectively referred to as the "Series B Warrants."

The Series A Warrants and Series B Warrants are classified as a liability in accordance with ASC 480 and are subject to remeasurement at each balance sheet date and changes to fair value are recognized as a component of other income (expense) in the statement of operations and comprehensive income (loss).

As of December 31, 2013, the following warrants to purchase Preferred Stock were outstanding:

Number of Underlying Shares	Exercise Price per Share	Warrant Expiration Date	Type of Equity Security
2,042	$12.24	4/12/2019	Series A Preferred Stock
96,921	$5.16	12/20/2017	Series B Preferred Stock
96,921	$5.16	8/14/2018	Series B PreferredStock
9,692	$5.16	11/20/2020	Series B Preferred Stock

ALDEYRA THERAPEUTICS, INC.

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Notes to the Financial Statements *(continued)*

12. STOCK PURCHASE WARRANTS...continued

The Company recognizes all of its warrants in its balance sheet as liabilities as they are exercisable for redeemable preferred stock. The liability is revalued at each reporting period and changes in the fair value of the liability are included on the statement of operations and comprehensive income (loss). The initial recognition and subsequent changes in fair value of the liability have no effect on the Company's cash flows.

The Company estimates the fair value of the warrants at each reporting period using the Black-Scholes pricing model.

13. CONVERTIBLE PREFERRED STOCK RIGHTS AND RIGHTS OPTION LIABILITIES

As of December 31, 2012, the following investor rights to purchase Preferred Stock were outstanding:

Number of Underlying Shares	Exercise Price per Share	Rights Expiration Date	Type of Equity Security
928,995	$5.16	10/1/2013	Series B Preferred Stock

As of December 31, 2012, the following warrant purchase rights to obtain 25% warrant coverage with the purchase of Series B Preferred Stock were outstanding:

Number of Underlying Shares	Exercise Price per Share	Rights Expiration Date	Type of Equity Security
232,248	$5.16	10/1/2013	Series B Preferred Stock

The Company recognized all of its preferred stock rights and rights options in its balance sheet as liabilities. The liability was revalued at each reporting period and changes in the fair value of the liability were included on the statement of operations and comprehensive income (loss). The initial recognition and subsequent changes in fair value of the liability had no effect on the Company's cash flows.

The Company estimated the fair value of the preferred stock rights and rights options at each reporting period using the Black-Scholes pricing model.

The preferred stock rights and rights options that were outstanding as of December 31, 2012 expired on October 1, 2013. Included within other income (expense) for the years ended December 31, 2012 and 2013 are a loss of approximately $125,500 and a gain of approximately $16.2 million, respectively, related to the fair value adjustments and expiration of the Company's preferred stock rights and rights option liabilities.

14. RELATED PARTY TRANSACTIONS

Severance Agreement - During June 2011, the majority common stockholder of the Company was terminated from employment with the Company. As a result of his termination, the Company entered into a termination agreement whereby the Company would pay approximately $12,000 along with approved reimbursable expenses by the Company. In addition, the Company will pay an additional monthly salary continuation of approximately $24,000 for 12 months following termination of employment. During 2012, the Company paid the remaining $75,000 and no obligation exists going forward.

In November 2013, the Company entered into a letter agreement with each of its Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") that will become effective on the effective date of the Company's initial public offering. The letter agreements were subsequently amended in February 2014. Pursuant to these letter agreements, if the Company terminates the employment of its CEO or COO without cause or if such executive resigns for good reason, then he will be eligible to receive: continued payment of base salary for 12 months; a lump-sum cash payment equal to the greater of such executive's target bonus for the year in which such termination occurs or the actual bonus paid to the

14. RELATED PARTY TRANSACTIONS...continued

executive with respect to our most recently completed fiscal year; payment by the Company of the monthly premiums under COBRA for such executive and their eligible dependents for up to 12 months following the termination of such executive's employment; and accelerated vesting and exercisability with respect to all equity or equity-based awards held by such executive officer as if such executive officer has completed an additional 12 months of service with the Company, and up to 12 months following such termination to exercise any then-outstanding stock options or stock appreciation rights. Such payments are contingent on the officer's executing and not revoking a release of claims against the Company. As of December 31, 2013, the Company has assessed the likelihood for these events to occur and has determined that a liability related to these agreements is not likely to occur and therefore has not been recorded.

Preferred Stock Financings - In sales occurring in June of 2008 and February of 2010, the Company issued and sold to investors affiliated with Domain Associates, L.L.C. and Johnson & Johnson Development Corporation an aggregate of 980,391 shares of the Company's Series A Preferred Stock at a purchase price of $12.24 per share, for aggregate consideration of approximately $12.0 million.

In sales occurring in December of 2012 and August of 2013, the Company issued and sold to investors affiliated with Domain Associates, L.L.C. and Johnson & Johnson Development Corporation an aggregate of 1,316,681 shares of the Company's Series B Preferred Stock at a purchase price of $5.16 per share and issued such investors warrants to purchase an aggregate of 193,842 shares of the Company's Series B convertible preferred stock at exercise price of $5.16 per share, for aggregate consideration of approximately $6.8 million.

Investors' Rights Agreement - In connection with the initial closing of the Series B Preferred Stock financing described above, the Company entered into an amended and restated investors' rights agreement with their significant stockholders, including entities affiliated with Domain Associates, L.L.C and Johnson & Johnson Development Corporation. Pursuant to this agreement, the Company granted such stockholders certain registration rights with respect to shares of the Company's common stock and a right of first offer with respect to future issuances of the Company's securities. The rights of first offer terminate upon the consummation of an initial public offering.

Convertible Promissory Note - In October 2013, the Company issued a convertible promissory note to Domain Partners VI, L.P., in a principal amount of $170,000, which was amended in February 2014 to extend its maturity date. The note accrues interest at a rate of 6% per annum, and will become due and payable in June 2014 unless it is converted into shares of the Company's capital stock prior to such time pursuant to its terms. The note provides that it shall automatically convert at the first to occur of:

- a Next Equity Financing, as defined, into shares of the equity security issued and sold in the Next Equity Financing at a conversion price equal to the purchase price per share of the equity securities issued and sold to the purchasers thereof in the Next Equity Financing.
- an Initial Public Offering, as defined, into shares of the equity securities issued and sold in the Initial Public Offering at a conversion price equal to the purchase price per share of the equity security issued and sold to the public in the Initial Public Offering.
- a Change in Control, as defined, into shares of the Series B Preferred Stock of the Company at the conversion price then in effect for such Series B Preferred Stock.
- at the Maturity Date of June 14, 2014 into shares of, at the holder's election, the Series B Voting Preferred Stock or Series B Nonvoting Preferred Stock of the Company, at the Series B Conversion Price then in effect.

Stock Option Grants to Executive Officers and Directors - The Company has granted stock options to executive officers and certain directors (Note 9).

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Notes to the Financial Statements *(continued)*

14. RELATED PARTY TRANSACTIONS...continued

Restricted Stock Awards to Executive Officers - As described in Note 9, on September 8, 2013 the board of directors sold to the CEO of the Company 12,948 shares of a restricted stock award at a price of $0.552 per share pursuant to the 2010 Plan. The stock was fully vested at the time of grant and subject to certain restrictions regarding transfer of the shares, including a right of first refusal for the benefit of the Company. On September 10, 2013, the CEO transferred 10,358 of such shares to Domain Associates L.L.C., an entity affiliated with certain of the Company's stockholders. All of the rights and restrictions that applied to the common stock granted to the CEO continue to apply to the shares following the transfer to Domain Associates L.L.C.

15. COMMITMENTS AND CONTINGENCIES

Guarantees and Indemnifications - As permitted under Delaware law, the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification is for the officer's or director's lifetime. Through December 31, 2013, the Company had not experienced any losses related to these indemnification obligations and no material claims were outstanding. The Company does not expect significant claims related to these indemnification obligations, and consequently, concluded that the fair value of these obligations is negligible, and no related reserves were established.

Rent Expense - The Company leased facilities during 2012 and 2013, and recognized rent expense in accordance with the FASB ASC Topic, *Leases*. Under this Topic, rental expense is calculated by averaging the total rental payments under each respective lease and recognizing expense ratably over the life of the lease. During 2012, the Company did not renew their operating lease for office space and is leasing office space on a month-to-month basis going forward. The Company recorded $7,428 and $4,440 in rent expense for the periods ended December 31, 2012 and 2013, respectively. Total rent expense for the period from August 13, 2004 (inception) to December 31, 2013 was $160,879.

Litigation - From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. The Company currently is not a party to any expressly threatened or pending litigation and does not have contingency reserves established for any litigation liabilities.

Other Contractual Arrangements - In February 2010, the Company entered into a license and supply agreement providing the Company with an exclusive license to certain technology and access to purchase materials at certain costs. Under the terms of the license and supply agreement, the Company is obligated to make milestone payments up to an aggregate of $2.15 million upon reaching certain development and regulatory milestones in the development of the Company's product. Upon commercialization of the Company's product containing the licensed technology, the Company would be obligated to pay royalties based on net sales subject to an annual cap. The license and supply agreement runs through the 7th anniversary of the expiration of all patents licensed under the agreement, which the Company estimates to be April 2036, unless terminated earlier.

16. SUBSEQUENT EVENTS

On March 17, 2014, the Company changed its name from Aldexa Therapeutics, Inc. to Aldeyra Therapeutics, Inc.

2,000,000 Shares
Common Stock

PROSPECTUS

Aegis Capital Corp

Until , 2014 (25 days after the commencement of this offering) all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and The NASDAQ Capital Market listing fee.

SEC registration fee	$ 3,710
FINRA filing fee	4,250
NASDAQ Capital Market listing fee	50,000
Printing and engraving expenses	140,000
Legal fees and expenses	425,000
Accounting fees and expenses	450,000
Blue sky fees and expenses	10,000
Custodian and transfer agent fees	4,500
Miscellaneous fees and expenses	62,540
Total	$ 1,150,000

Item 14. Indemnification of Directors and Officers.

In connection with the completion of this offering, the Registrant's amended and restated certificate of incorporation will contain provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of the Registrant's directors for monetary damages for breach of their fiduciary duties as directors. The Registrant's amended and restated bylaws to be in effect immediately prior to the completion of this offering provide that the Registrant must indemnify its directors and officers and may indemnify its employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware provide that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, officer, employee or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

Prior to the consummation of this offering, the Registrant expects to enter into indemnification agreements with its directors and executive officers, in addition to the indemnification provided for in its amended and restated bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The Registrant has purchased and intends to maintain insurance on behalf of any person who is or was a director or officer of the Registrant against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement, the form of which is attached as Exhibit 1.1 hereto, provides for indemnification by the underwriters of the Registrant and its executive officers and directors, and by the Registrant of the underwriters, for certain liabilities, including liabilities arising under the Securities Act, and affords certain rights of contribution with respect thereto.

See also "Undertakings" set out in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding the shares of common stock and preferred stock and the warrants issued, and options granted, by us in the three years preceding the filing of this registration statement that were not registered under the Securities Act of 1933.

(1) Under the 2004 Employee, Director and Consultant Stock Plan, we granted stock options to purchase shares of our common stock to certain of our employees, officers, consultants and advisors, as follows: in 2010, we granted stock options to purchase 106,170 shares of our common stock at an exercise price of $3.24 per share.

(2) Under the 2010 Employee, Director and Consultant Equity Incentive Plan, we granted stock options to purchase shares of our common stock to certain of our employees, officers, consultants and advisors, as follows: (a) in 2010, we granted a stock option to purchase an aggregate of 14,583 shares of our common stock at an exercise price of $3.24 per share, (b) in 2012, we granted stock options to purchase 28,695 shares of our common stock at an exercise price of $3.24 per share, (c) in 2013, we granted stock options to purchase an aggregate of 446,568 shares of our common stock at an exercise price of $0.55 per share and (d) in 2013 we granted stock options to purchase an aggregate of 96,042 shares of our common stock at an exercise price of $4.56 per share.

(3) In 2010, we issued and sold an aggregate of 248,311 shares of Series A convertible preferred stock to investors for an aggregate purchase price of $3.0 million.

(4) In 2013, we issued and sold an aggregate of 387,686 shares of Series B convertible preferred stock to investors for an aggregate purchase price of $2.0 million.

(5) In 2012, as consideration for entering into a debt facility, we issued a warrant to Square 1 Bank exercisable for an aggregate of 2,042 shares of our Series A convertible preferred stock at an initial exercise price of $12.24 per share. This warrant will become exercisable for an aggregate of 4,844 shares of our common stock immediately prior to the closing of this offering. This warrant terminates seven years after the date issued.

(6) In 2012, in connection with our Series B financing, we issued warrants to investors exercisable for an aggregate of 96,921 shares of our Series B convertible preferred stock at an initial exercise price of $5.16 per share. These warrants will become exercisable for an aggregate of 96,921 shares of our common stock immediately prior to the closing of this offering. This warrant terminates five years after the date issued.

(7) In 2013, in connection with our Series B financing, we issued warrants to investors exercisable for an aggregate of 96,921 shares of our Series B convertible preferred stock at an initial exercise price of $5.16 per share. These warrants will become exercisable for an aggregate of 96,921 shares of our common stock immediately prior to the closing of this offering. This warrant terminates five years after the date issued.

(8) In 2013 we sold an aggregate of 12,448 shares of our common stock to Todd C. Brady, M.D., Ph.D. pursuant to a restricted stock grant under our 2010 Employee, Director and Consultant Equity Incentive Plan.

(9) In 2013 we issued a convertible promissory note in the principal amount of $170,000 to Domain Partners VI, L.P. convertible into shares of our common stock in connection with this offering. The note accrues interest at a rate of 6% per annum and will be convertible into shares of our common stock at the price per share of the common stock listed on the cover page of the prospectus contained in this registration statement.

(10) In 2013 as consideration for the amendment to our debt facility, we issued a warrant to Square 1 Bank exercisable for an aggregate of 9,692 shares of our Series B convertible preferred stock at an initial exercise price of $5.16 per share. This warrant will become exercisable for an aggregate of 9,692 shares of our common stock immediately prior to the closing of this offering. This warrant terminates ten years after the date issued.

The offers, sales, grants and issuances of the securities described in paragraph (1), (2) and (8) were deemed to be exempt from registration under the Securities Act in reliance on Rule 701. The recipients of such securities were our employees, officers, bona fide consultants and advisors and received the securities under our 2004 Employee, Director and Consultant Stock Plan and our 2010 Employee, Director and Consultant Equity Incentive Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us

The offer, sale, and issuance of the securities described in paragraphs (3), (4), (5), (6), (7), (9) and (10) were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act in that the issuance of the security to the accredited investor did not involve a public offering. The recipients of the securities in this transaction acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in this transaction. The recipient of the securities in this transaction was an accredited investor under Rule 501 of Regulation D.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit	Description
1.1	Form of Underwriting Agreement
3.1	Restated Certificate of Incorporation, as amended (currently in effect)
3.2	Bylaws (currently in effect)
3.3	Form of Amended and Restated Certificate of Incorporation (to be effective immediately prior to the closing of this offering)
3.4	Form of Amended and Restated Bylaws (to be effective immediately prior to the closing of this offering)
4.1	Specimen stock certificate evidencing the shares of common stock
4.2	Investor Rights Agreement dated as of December 20, 2012
4.3	Form of Representative's Warrant Agreement
5.1	Opinion of Gunderson Dettmer, LLP
10.1	Form of Indemnity Agreement for Directors and Officers
10.2+#	Offer Letter, effective as of August 1, 2013, between the Registrant and Todd C. Brady, M.D., Ph.D.
10.3+#	Offer Letter, effective as of July 15, 2013, between the Registrant and Scott L. Young
10.4+#	Offer Letter, effective November 29, 2013 between the Registrant and Todd C. Brady, M.D., Ph.D.
10.4(a)+	Offer Letter Amendment, effective February 19, 2014 between the Registrant and Todd C. Brady, M.D., Ph.D.
10.5+#	Offer Letter, effective November 27, 2013, between the Registrant and Scott L. Young
10.5(a)+	Offer Letter Amendment, effective February 20, 2014 between the Registrant and Scott L. Young
10.6+#	2004 Employee, Director and Consultant Stock Plan, as amended, and form of option agreement thereunder
10.7+#	2010 Employee, Director and Consultant Equity Incentive Plan, as amended, and form of option agreement thereunder
10.8+	2013 Equity Incentive Plan and form of option agreement thereunder
10.8(a)+	Form Notice of Stock Option Grant under the 2013 Equity Incentive Plan
10.8(b)+	Form Notice of Stock Unit Award under the 2013 Equity Incentive Plan
10.10†#	License and Supply Agreement dated as of February 19, 2010 between the Registrant and CyDex Pharmaceuticals, Inc.
10.11#	Loan and Security Agreement, dated as of April 12, 2012, between Square 1 Bank and the Registrant
10.12#	Amendment No. 1 to Loan and Security Agreement, date as of November 20, 2013 between Square 1 Bank and the Registrant
10.13#	Amended and Restated Intellectual Property Security Agreement dated as of November 20, 2013 between Square 1 Bank and the Registrant
23.1	Consent of BDO USA, LLP, independent registered public accounting firm
23.2	Consent of Gunderson Dettmer LLP (included in Exhibit 5.1)
24.1#	Power of Attorney

+ Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment. Omitted portions have been submitted separately to the Securities and Exchange Commission.

Previously filed.

(b) Financial Statement Schedules

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to provide the underwriters, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act of 1933, the information omitted from a form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

3. For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

4. In a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

   (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

   (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

   (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

   (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 2 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, Commonwealth of Massachusetts, on March 17, 2014.

ALDEYRA THERAPEUTICS, INC.

By: /s/ Todd Brady, M.D., Ph.D.
Todd Brady, M.D., Ph.D.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Todd C. Brady, M.D., Ph.D. Todd C. Brady, M.D., Ph.D.	Chief Executive Officer and Director (principal executive officer and principal financial and accounting officer)	March 17, 2014
* C. Boyd Clarke	Chairman of the Board of Directors	March 17, 2014
* Ben Bronstein, M.D.	Director	March 17, 2014
* Martin J. Joyce	Director	March 17, 2014
* Gary Phillips, M.D.	Director	March 17, 2014
* Jesse Treu, Ph.D.	Director	March 17, 2014
* Neal Walker, D.O.	Director	March 17, 2014

* By: /s/ Todd C. Brady, M.D., Ph.D.
Todd C. Brady, M.D., Ph.D.
Attorney-in-Fact

EXHIBIT INDEX

Exhibit	Description
1.1	Form of Underwriting Agreement
3.1	Restated Certificate of Incorporation, as amended (currently in effect)
3.2	Bylaws (currently in effect)
3.3	Form of Amended and Restated Certificate of Incorporation (to be effective immediately prior to the closing of this offering)
3.4	Form of Amended and Restated Bylaws (to be effective immediately prior to the closing of this offering)
4.1	Specimen stock certificate evidencing the shares of common stock
4.2	Investor Rights Agreement dated as of December 20, 2012
4.3	Form of Representative's Warrant Agreement
5.1	Opinion of Gunderson Dettmer, LLP
10.1	Form of Indemnity Agreement for Directors and Officers
10.2+#	Offer Letter, effective as of August 1, 2013, between the Registrant and Todd C. Brady, M.D., Ph.D.
10.3+#	Offer Letter, effective as of July 15, 2013, between the Registrant and Scott L. Young
10.4+#	Offer Letter, effective November 29, 2013 between the Registrant and Todd C. Brady, M.D., Ph.D.
10.4(a)+	Offer Letter Amendment, effective February 19, 2014 between the Registrant and Todd C. Brady, M.D., Ph.D.
10.5+#	Offer Letter, effective November 27, 2013, between the Registrant and Scott L. Young
10.5(a)+	Offer Letter Amendment, effective February 20, 2014 between the Registrant and Scott L. Young
10.6+#	2004 Employee, Director and Consultant Stock Plan, as amended, and form of option agreement thereunder
10.7+#	2010 Employee, Director and Consultant Equity Incentive Plan, as amended, and form of option agreement thereunder
10.8+	2013 Equity Incentive Plan and form of option agreement thereunder
10.8(a)+	Form Notice of Stock Option Grant under the 2013 Equity Incentive Plan
10.8(b)+	Form Notice of Stock Unit Award under the 2013 Equity Incentive Plan
10.10†#	License and Supply Agreement dated as of February 19, 2010 between the Registrant and CyDex Pharmaceuticals, Inc.
10.11#	Loan and Security Agreement, dated as of April 12, 2012, between Square 1 Bank and the Registrant
10.12#	Amendment No. 1 to Loan and Security Agreement, date as of November 20, 2013 between Square 1 Bank and the Registrant
10.13#	Amended and Restated Intellectual Property Security Agreement dated as of November 20, 2013 between Square 1 Bank and the Registrant
23.1	Consent of BDO USA, LLP, independent registered public accounting firm
23.2	Consent of Gunderson Dettmer LLP (included in Exhibit 5.1)
24.1#	Power of Attorney

+ Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment. Omitted portions have been submitted separately to the Securities and Exchange Commission.

Previously filed.

Exhibit 1.1

UNDERWRITING AGREEMENT

between

ALDEYRA THERAPEUTICS, INC.

and

AEGIS CAPITAL CORP.,

as Representative of the Several Underwriters

ALDEYRA THERAPEUTICS, INC.

UNDERWRITING AGREEMENT

New York, New York
[•], 2014

Aegis Capital Corp.
As Representative of the several Underwriters named on Schedule 1 attached hereto
810 Seventh Avenue, 18th Floor
New York, New York 10019

Ladies and Gentlemen:

The undersigned, Aldeyra Therapeutics, Inc. a corporation formed under the laws of the State of Delaware (the "**Company**"), hereby confirms its agreement (this "**Agreement**") with Aegis Capital Corp. (hereinafter referred to as "you" (including its correlatives) or the "**Representative**") and with the other underwriters named on Schedule 1 hereto for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the "**Underwriters**" or, individually, an "**Underwriter**") as follows:

1. Purchase and Sale of Shares.

1.1 Firm Shares.

1.1.1. Nature and Purchase of Firm Shares.

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, an aggregate of [•] shares ("**Firm Shares**") of the Company's common stock, par value $0.001 per share (the "**Common Stock**").

(ii) The Underwriters, severally and not jointly, agree to purchase from the Company the number of Firm Shares set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof at a purchase price of $[•] per share (93% of the per Firm Share public offering price). The Firm Shares are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof). Notwithstanding the foregoing, the Underwriters' purchase price for the Firm Shares to be sold by the Underwriters to the Company's directors, officers, current shareholders or those other entities or people listed on Schedule 1A attached hereto shall be $[•] per share (or 100% of the per Firm Share public offering price).

1.1.2. Shares Payment and Delivery.

(i) Delivery and payment for the Firm Shares shall be made at 10:00 a.m., Eastern time, on the third (3rd) Business Day following the effective date (the "**Effective Date**") of the Registration Statement (as defined in Section 2.1.1 below) (or the fourth (4th) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 666 Third Avenue, New York, NY 10017 ("**Representative Counsel**"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Shares is called the "**Closing Date**."

(ii) Payment for the Firm Shares shall be made on the Closing Date by wire transfer in federal (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriters) representing the Firm Shares (or through the facilities of the Depository Trust Company ("**DTC**")) for the account of the Underwriters. The Firm Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Shares except upon tender of payment by the Representative for all of the Firm Shares. The term "**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

1.2 Over-allotment Option.

1.2.1. Option Shares. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares, the Company hereby grants to the Underwriters an option to purchase up to [•] additional shares of Common Stock, representing fifteen percent (15%) of the Firm Shares sold in the offering, from the Company (the "**Over-allotment Option**"). Such [•] additional shares of Common Stock, the net proceeds of which will be deposited with the Company's account, are hereinafter referred to as "**Option Shares**." The purchase price to be paid per Option Share shall be equal to the price per Firm Share set forth in Section 1.1.1 hereof. The Firm Shares and the Option Shares are hereinafter referred to together as the "**Public Securities**." The offering and sale of the Public Securities is hereinafter referred to as the "**Offering**."

1.2.2. Exercise of Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Shares within 45 days after the Effective Date. The Underwriters shall not be under any obligation to purchase any Option Shares prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Shares to be purchased and the date and time for delivery of and payment for the Option Shares (the "**Option Closing Date**"), which shall not be later than five (5) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Representative Counsel or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Shares does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option with respect to all or any portion of the Option Shares, subject to the terms and conditions set forth herein, (i) the Company shall become obligated to sell to the Underwriters the number of Option Shares specified in such notice and (ii) each of the Underwriters, acting severally and not jointly, shall purchase that portion of the total number of Option Shares then being purchased as set forth in Schedule 1 opposite the name of such Underwriter.

1.2.3. Payment and Delivery. Payment for the Option Shares shall be made on the Option Closing Date by wire transfer in federal (same day) funds, payable to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriters) representing the Option Shares (or through the facilities of DTC) for the account of the Underwriters. The Option Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Shares except upon tender of payment by the Representative for applicable Option Shares.

1.3 Representative's Warrants.

1.3.1. Purchase Warrants. The Company hereby agrees to issue and sell to the Representative (and/or its designees) on the Closing Date a warrant ("**Representative's Warrant**") for the purchase of an aggregate of [•] shares of Common Stock, representing 4% of the Firm Shares (excluding the Option Shares). The Representative's Warrant agreement, in the form attached hereto as Exhibit A (the "**Representative's Warrant Agreement**"), shall be exercisable, in whole or in part, commencing on a date which is one (1) year after the Closing Date and expiring on the five-year anniversary of the Closing Date at an initial exercise price per share of Common Stock of $[•], which is equal to 125% of the initial public offering price per share of the Firm Shares. The Representative's Warrant and the shares of Common Stock issuable upon exercise thereof are hereinafter referred to together as the "**Representative's Securities**." The Representative understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Representative's Warrant and the underlying shares of Common Stock during the one hundred eighty (180) days after the Effective Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative's Warrant, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days following the Effective Date to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, or (ii) a bona fide officer or partner of the Representative or of any such Underwriter or selected dealer; and only if any such transferee agrees to the foregoing lock-up restrictions.

1.3.2. Delivery. Delivery of the Representative's Warrant Agreement shall be made on the Closing Date and shall be issued in the name or names and in such authorized denominations as the Representative may request.

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1 Filing of Registration Statement.

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the "**Commission**") a registration statement, and an amendment or amendments thereto, on Form S-1 (File No. 333-[•]) including any related prospectus or prospectuses, for the registration of the Public Securities and the Representative's Securities under the Securities Act of 1933, as amended (the "**Securities Act**"), which registration statement and amendment or amendments have been prepared by the Company in all material respects in conformity with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**") and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "**Rule 430A Information**")), is referred to herein as the "**Registration Statement**." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "**Registration Statement**" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "**Preliminary Prospectus**." The Preliminary Prospectus, subject to completion, dated [•], 2014, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "**Pricing Prospectus**." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "**Prospectus**." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

"**Applicable Time**" means [TIME] [a.m./p.m.], Eastern time, on the date of this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("**Rule 433**"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Issuer General Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "**Bona Fide Electronic Road Show**")), as evidenced by its being specified in Schedule 2-B hereto.

"**Issuer Limited Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"**Pricing Disclosure Package**" means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 2-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A (File Number 000-[•]) providing for the registration pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of the shares of Common Stock. The registration of the shares of Common Stock under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the shares of Common Stock under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2 Stock Exchange Listing. The shares of Common Stock have been approved for listing on The NASDAQ Capital Market (the "**Exchange**"), and the Company has taken no action designed to, or likely to have the effect of, delisting the shares of Common Stock from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.3 No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus, or has instituted or, to the Company's knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied in all material respects with each request (if any) from the Commission for additional information.

2.4 Disclosures in Registration Statement.

2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Limited Use Free Writing Prospectus hereto does not conflict with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and each such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative or the Representative Counsel expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following disclosure contained in the "Underwriting" section of the Prospectus: [_____] (the "**Underwriters' Information**"); and

(iv) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and that is referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. None of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder except for any such defaults that would not have or reasonably be expected to result in a Material Adverse Change (as defined below). To the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a material violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a "**Governmental Entity**"), including, without limitation, those relating to environmental laws and regulations.

2.4.3. Prior Securities Transactions. Since January 1, 2011, no securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

2.4.4. Regulations. The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and all foreign regulation on the Offering and the Company's business as currently contemplated are correct in all material respects and no other such regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.5 Changes After Dates in Registration Statement.

2.5.1. No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial position or results of operations of the Company, nor any change or development that, singularly or in the aggregate, would reasonably be expected to result in a material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company (a "**Material Adverse Change**"); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; and (iii) no officer or director of the Company has resigned from any position with the Company.

2.5.2. Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the

Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities (other than equity compensation to service providers in the normal course of business) or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

2.6 Independent Accountants. To the knowledge of the Company, BDO USA, LLP (the "**Auditor**"), whose report is filed with the Commission as part of the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board. The Auditor has not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

2.7 Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present in all material respects the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in all material respects in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly in all material respects the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission), if any, comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or are reasonably expected to have a material future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) neither the Company nor any of its direct and indirect subsidiaries, including each entity disclosed or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus as being a subsidiary of the Company, if any (if any, each, a "**Subsidiary**" and, collectively, the "**Subsidiaries**") (provided, that in the event that the Company does not have any Subsidiaries, then all references herein to "Subsidiaries," "subsidiaries," "Subsidiary" or a "subsidiary" of the Company (other than references appearing in Section 2.26) shall be disregarded), has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company or any of its Subsidiaries, or, other than in the ordinary course of business, any grants under any stock compensation plan, and (d) there has not been any Material Adverse Change in the Company's long-term or short-term debt.

2.8 Authorized Capital; Options, etc. The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted stock capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus or grants made under any stock compensation plan in the ordinary course after the date hereof, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock of the Company or any security convertible or exercisable into shares of Common Stock of the Company, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

2.9 Valid Issuance of Securities, etc.

2.9.1. Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offers and sales of the outstanding shares of Common Stock were at all relevant times either registered under the Securities Act and the applicable state securities or “blue sky” laws or, based in part on the representations and warranties of the purchasers of such shares, exempt from such registration requirements.

2.9.2. Securities Sold Pursuant to this Agreement. The Public Securities and Representative’s Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities and Representative’s Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative’s Securities has been duly and validly taken. The Public Securities and Representative’s Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. All corporate action required to be taken for the authorization, issuance and sale of the Representative’s Warrant has been duly and validly taken; the shares of Common Stock issuable upon exercise of the Representative’s Warrant have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company and when paid for and issued in accordance with the Representative’s Warrant and the Representative’s Warrant Agreement, such shares of Common Stock will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; and such shares of Common Stock are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company.

2.10 Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company.

2.11 Validity and Binding Effect of Agreements. This Agreement and the Representative's Warrant Agreement have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

2.12 No Conflicts, etc. The execution, delivery and performance by the Company of this Agreement, the Representative's Warrant Agreement and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a breach of, or conflict with any of the terms and provisions of, or constitute a default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any material property or assets of the Company pursuant to the terms of any material agreement or instrument to which the Company is a party; (ii) result in any violation of the provisions of the Company's Certificate of Incorporation (as the same may be amended or restated from time to time, the "**Charter**") or the by-laws of the Company; or (iii) violate any existing applicable law, rule or regulation, or any judgment, order or decree of any Governmental Entity as of the date hereof (including, without limitation, those promulgated by the Food and Drug Administration of the U.S. Department of Health and Human Services (the "**FDA**") or by any foreign, federal, state or local regulatory authority performing functions similar to those performed by the FDA) applicable to the Company or its assets, except, as to clauses (i) and (iii), where such breach, conflict or violation would not have or reasonably be expected to result in a Material Adverse Change.

2.13 No Defaults; Violations. No material default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the material properties or assets of the Company is subject. The Company is not in violation of any term or provision of its Charter or by-laws. The Company is not in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any Governmental Entity applicable to the Company, in each case, except such as would not reasonably be expected to result in a Material Adverse Change.

2.14 Corporate Power; Licenses; Consents.

2.14.1. Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary material authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business as currently being conducted as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.14.2. Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement and to carry out the provisions and conditions hereof, and all consents, authorizations, approvals and orders required in connection therewith have been obtained. No consent, authorization or order of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and delivery of the Public Securities and the consummation of the transactions and agreements contemplated by this Agreement and the Representative's Warrant

Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal and state securities laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("**FINRA**").

2.15 D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires (the "**Questionnaires**") completed by each of the Company's directors and officers immediately prior to the Offering (the "**Insiders**") as supplemented by all information concerning the Company's directors, officers and principal stockholders as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, as well as in the Lock-Up Agreement (as defined in Section 2.26 below), provided to the Underwriters, is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate and incorrect.

2.16 Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened against, or involving the Company or, to the Company's knowledge, any executive officer or director which is required to be and has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or in connection with the Company's listing application for the listing of the Public Securities on the Exchange, except in each case for any such action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding that would not have or reasonably be expected to result in a Material Adverse Change.

2.17 Good Standing. The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of Delaware as of the date hereof, and is duly qualified to do business and is in good standing in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify, singularly or in the aggregate, would not have or reasonably be expected to result in a Material Adverse Change.

2.18 Insurance. The Company carries or is entitled to the benefits of insurance, with reputable insurers, and in such amounts and covering such risks which the Company believes are reasonably adequate, and all such insurance is in full force and effect. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change.

2.19 Transactions Affecting Disclosure to FINRA.

2.19.1. Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or, to the Company's knowledge, any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its stockholders that may affect the Underwriters' compensation, as determined by FINRA.

2.19.2. Payments Within Twelve (12) Months. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the Effective Date, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.19.3. Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.19.4. FINRA Affiliation. There is no (i) officer or director of the Company, (ii) beneficial owner of 5% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities which were acquired during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

2.19.5. Information. All information provided by the Company in its FINRA Questionnaire to Representative Counsel specifically for use by Representative Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

2.20 Foreign Corrupt Practices Act. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) would reasonably be expected to subject the Company to any material damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, might have had a Material Adverse Change or (iii) if not continued in the future, might materially and adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

2.21 Compliance with OFAC. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Company will not, directly or indirectly, knowingly use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

2.22 Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

2.23 Regulatory. All preclinical studies and clinical trials conducted by or to the knowledge of the Company, on behalf of the Company that are material to the Company and its Subsidiaries, taken as a whole, are or have been adequately described in the Registration Statement, the Pricing Disclosure Package and the Prospectus in all material respects. The clinical trials and preclinical studies conducted by or, to the knowledge of the Company, on behalf of the Company and its Subsidiaries that are described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus were and, if still ongoing, are being conducted in material compliance with all laws and regulations applicable thereto in the jurisdictions in which they are being conducted. The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of the results of such studies are accurate and complete in all material respects and fairly present the data derived from such studies, and the Company has no knowledge of, any clinical trial or preclinical study the aggregate results of which are inconsistent with or otherwise call into question the results of any clinical trial or preclinical study conducted by or on behalf of the Company that are described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not received any written notices from the FDA, the European Medicines Agency ("**EMA**") or any other governmental agency or authority requiring, requesting or suggesting termination, suspension or material modification for or of any clinical trial or preclinical study that is described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or the results of which are referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not received any written notices from any governmental agency, and otherwise has no knowledge of, or reason to believe that any license, approval, permit or authorization to conduct any clinical trial of any potential product of the Company has been, will be or may be suspended, revoked, modified or limited.

2.24 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to you or to Representative Counsel shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2.25 Lock-Up Agreements. Schedule 3 hereto contains a complete and accurate list of the Company's officers, directors and each owner of at least 5% of the Company's outstanding shares of Common Stock (or securities convertible or exercisable into shares of Common Stock), as well as other holders of shares of Common Stock heretofore agreed upon between you and the Company (collectively, the "**Lock-Up Parties**"). The Company has caused each of the Lock-Up Parties to deliver to the Representative an executed Lock-Up Agreement, in the form attached hereto as Exhibit B **(**the "**Lock-Up Agreement**"), prior to the execution of this Agreement.

2.26 Subsidiaries. The Company has no Subsidiaries.

2.27 Related Party Transactions. There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

2.28 Board of Directors. The Board of Directors of the Company is comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the Exchange Act Regulations, the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "**Sarbanes-Oxley Act**") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

2.29 Sarbanes-Oxley Compliance.

2.29.1. Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that will comply with Rule 13a-15 or 15d-15 under the Exchange Act Regulations applicable to it, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.29.2. Compliance. The Company is, or at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act.

2.30 Accounting Controls. The Company and its Subsidiaries maintain systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that, if any, have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses, if any, in its internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company' ability to record, process, summarize and report financial information; and (ii) any fraud, if any, known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

2.31 No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

2.32 No Labor Disputes. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent.

2.33 Intellectual Property Rights. The Company and each of its Subsidiaries owns or possesses or has valid rights to use or can develop or acquire on reasonable terms all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("**Intellectual Property Rights**") necessary for the conduct of the business of the Company and its Subsidiaries as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. To the

knowledge of the Company, no action or use by the Company or any of its Subsidiaries necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus will involve or give rise to any infringement of any Intellectual Property Rights of others. Neither the Company nor any of its Subsidiaries has received any written notice alleging any such infringement or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim; and (E) to the Company's knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company, or actions undertaken by the employee while employed with the Company. To the Company's knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not materially described therein. The Registration Statement, the Pricing Disclosure Package and the Prospectus contain in all material respects the same description of the matters set forth in the preceding sentence. None of the technology employed by the Company has been obtained or is being used by the Company in violation of any contractual obligation binding on the Company or, to the Company's knowledge, any of its officers, directors or employees, or otherwise in violation of the rights of any persons.

2.34 Taxes. Each of the Company and its Subsidiaries has filed all material returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. Each of the Company and its Subsidiaries has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company or such respective Subsidiary. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company or its Subsidiaries, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company or its Subsidiaries. The term "**taxes**" mean all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term "**returns**" means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

2.35 ERISA Compliance. The Company and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company or its "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company, any member of any group of organizations described in Sections 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates. No "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates, if such "employee benefit plan" were terminated, would have any material "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

2.36 Compliance with Laws. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company: (A) is and at all times has been in compliance with all statutes, rules, or regulations, including the Clinical Laboratory Improvement Amendments of 1988, applicable to the ownership, testing, development, use, marketing, labeling, promotion, offer for sale, or performance of any product manufactured or test offered by the Company ("**Applicable Laws**"), except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any FDA Form 483, warning letter, or other written correspondence or notice from the U.S. Food and Drug Administration (FDA) or any other governmental authority alleging or asserting material noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws ("**Authorizations**"); (C) possesses all material Authorizations and such Authorizations are valid and in full force and effect and the Company is not in material violation of any term of any such Authorizations; (D) has not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Government Entity or third party alleging that any product or activity is in material violation of any Applicable Laws or Authorizations; (E) has not received written notice that any Government Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations; (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission); and (G) has not, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any safety alert, post-sale warning, "dear doctor" letter, or other notice or action relating to any product or test or any alleged product or test defect or violation and, to the Company's knowledge, no third party has initiated, conducted or intends to initiate any such notice or action. The Company has not reported or received reports of any serious, unexpected adverse event associated with any investigational product of Company.

2.37 Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the time of effectiveness of the Registration Statement and any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

2.38 Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

2.39 Reverse Stock Split. The Company has taken all necessary corporate action to effectuate a reverse stock split of the Shares on the basis of one (1) such share for each [twelve] ([12]) issued and outstanding shares thereof (the "**Reverse Stock Split**"), such Reverse Stock Split to be effective no later than the first trading day of the Firm Shares following the date hereof.

2.40 Emerging Growth Company. From the time of the initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly in or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**"). "**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

2.41 Testing-the-Waters Communications. The Company has not (i) alone engaged in any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the written consent of the Representative and with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company confirms that the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule 2-C hereto. "**Written Testing-the-Waters Communication**" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

2.42 Electronic Road Show. If the Company makes a Bona Fide Electronic Road Show available, it shall be in compliance with Rule 433(d)(8)(ii) of the Securities Act Regulations such that no filing of any "road show" (as defined in Rule 433(h) of the Securities Act Regulations) is required in connection with the Offering.

2.43 Margin Securities. The Company owns no "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the shares of Common Stock to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1 Amendments to Registration Statement. The Company shall deliver to the Representative, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably and timely object in writing.

3.2 Federal Securities Laws.

3.2.1. Compliance. The Company, subject to Section 3.2.2, shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed; (ii) of the receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative's Securities for offering or sale in any jurisdiction, or of the initiation or to the Company's knowledge, threatening, of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative's Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems reasonably necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its reasonable best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

3.2.2. Continued Compliance. The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("**Rule 172**"), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser; or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement; and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or counsel for the Underwriters shall reasonably and timely object in writing. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company has given the

Representative notice of any filings made pursuant to the Exchange Act or the Exchange Act Regulations within 48 hours prior to the Applicable Time. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall reasonably and timely object in writing.

3.2.3. Exchange Act Registration. For a period of three (3) years after the date of this Agreement, the Company shall use its reasonable best efforts to maintain the registration of the shares of Common Stock under the Exchange Act. Other than in connection with a stockholder approved transaction or following a tender offer resulting in a change of control of the Company, the Company shall not deregister the shares of Common Stock under the Exchange Act within such three (3) year period without the prior written consent of the Representative, which shall not be unreasonably withheld, delayed or conditioned.

3.2.4. Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representative. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Underwriters as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Underwriters and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.2.5. Testing-the-Waters Communications. If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company shall promptly notify the Representative and shall promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

3.3 Delivery to the Underwriters of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and counsel for the Representative, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Underwriters, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.4 Delivery to the Underwriters of Prospectuses. The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.5 Effectiveness and Events Requiring Notice to the Representative. The Company shall use its commercially reasonable efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months after the Applicable Time, and shall notify the Representative immediately and confirm the notice in writing (which notice may be delivered via electronic mail): (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or to the Company's knowledge, the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the to the Company's knowledge, threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall make every reasonable effort to obtain promptly the lifting of such order.

3.6 Review of Financial Statements. For a period of five (5) years after the Effective Date, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company's financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

3.7 Listing. Other than following a change of control of the Company, the Company shall use its commercially reasonable efforts to maintain the listing of the shares of Common Stock (including the Public Securities) on the Exchange for at least three (3) years from the date of this Agreement.

3.8 Financial Public Relations Firm. As of the Effective Date, the Company shall have retained a financial public relations firm, which firm shall be experienced in assisting issuers in initial public offerings of securities and in their relations with their security holders.

3.9 Reports to the Representative.

3.9.1. Periodic Reports, etc. For a period of three (3) years after the date of this Agreement, the Company shall furnish to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class

of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; and (iv) five copies of each registration statement filed by the Company under the Securities Act. Documents filed with the Commission pursuant to its EDGAR system shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.1.

3.9.2. Transfer Agent; Transfer Sheets. The Company shall retain a transfer agent and registrar for the Common Stock.

3.10 Payment of Expenses

3.10.1. General Expenses Related to the Offering. The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the shares of Common Stock to be sold in the Offering (including the Option Shares) with the Commission; (b) all actual Public Offering System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Public Securities on the Exchange and such other stock exchanges as the Company and the Representative together determine; (d) all fees, reasonable expenses and disbursements relating to background checks of the Company's officers and directors in an amount not to exceed $5,000 per individual, or a maximum aggregate of $40,000; (e) all actual fees, expenses and disbursements relating to the registration or qualification of such Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate (including, without limitation, all filing and registration fees, and the reasonable fees and disbursements of "blue sky" counsel), it being agreed that such fees and expenses will not exceed $10,000; (f) all actual fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (g) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (h) the costs and expenses of the public relations firm referred to in Section 3.8 hereof; (i) the costs of preparing, printing and delivering certificates representing the Public Securities; (j) fees and expenses of the transfer agent for the shares of Common Stock; (k) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (l) the costs associated with post-Closing advertising the Offering in the national editions of the Wall Street Journal and New York Times; (m) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, each of which the Company or its designee shall provide within a reasonable time after the Closing Date in such quantities as the Representative may reasonably request in an amount not to exceed $1,000; (n) the fees and expenses of the Company's accountants; (o) the fees and expenses of the Company's legal counsel and other agents and representatives; (p) the $21,775 cost associated with the Underwriters' use of Ipreo's book-building, prospectus tracking and compliance software for the Offering; and (q) up to $20,000 of the Underwriters' actual accountable "road show" expenses for the Offering. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters, less the Advance (as such term is defined in Section 8.3 hereof) provided, however, that in the event that the Offering is terminated, the Company agrees to reimburse the Underwriters pursuant to Section 8.3 hereof. Except as provided for in this Agreement, the Underwriters shall bear the costs and expenses incurred by them in connection with the sale of the Firm Shares and Option Shares and the transactions contemplated thereby.

3.10.2. Non-accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 3.10.1, on the Closing Date it shall pay to the Representative, by deduction from the net proceeds of the Offering contemplated herein, a non-accountable expense allowance equal to one percent (1%) of the gross proceeds received by the Company from the sale of the Firm Shares (excluding the Option Shares, less the Advance (as such term is defined in Section 8.3 hereof).

3.11 Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.12 Intentionally Omitted.

3.13 Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or stockholders (without the consent of the Representative) has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.14 Internal Controls. The Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.15 Accountants. As of the date of this Agreement, the Company shall retain an independent registered public accounting firm reasonably acceptable to the Representative, and the Company shall continue to retain a nationally recognized independent registered public accounting firm for a period of at least three (3) years after the date of this Agreement. The Representative acknowledges that the Auditor is acceptable to the Representative.

3.16 FINRA. The Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.17 No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.18 Company Lock-Up Agreements.

3.18.1. Restriction on Sales of Capital Stock. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of 180 days after the date of this Agreement (the "**Lock-Up Period**"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or cause to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company other than the filing of a Registration Statement on Form S-8 to register awards and securities issuable under the Company's equity compensation plans ; or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The restrictions contained in this Section 3.18.1 shall not apply to (i) the shares of Common Stock to be sold hereunder, (ii) the issuance by the Company of shares of Common Stock upon the exercise of a stock option or warrant or the conversion of a security outstanding on the date hereof (iii) the issuance by the Company of stock options or shares of capital stock of the Company under any equity compensation plan of the Company, or (iv) the filing by the Company of any registration statement on Form S-8 relating to shares of Common Stock granted under any equity compensation plan.

3.19 Release of D&O Lock-up Period. If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.26 hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release in form and substance reasonably satisfactory to the Representative through a major news service at least two (2) Business Days before the effective date of the release or waiver.

3.20 Blue Sky Qualifications. The Company shall use its commercially reasonable efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.21 Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will use its commercially reasonable efforts file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

3.22 Emerging Growth Company Status. The Company shall promptly notify the Representative if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Public Securities within the meaning of the Securities Act and (ii) fifteen (15) days following the completion of the Lock-Up Period.

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement has become effective not later than the Applicable Time, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. The Prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Stock Market Clearance. On the Closing Date, the Company's shares of Common Stock, including the Firm Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance. On the first Option Closing Date (if any), the Company's shares of Common Stock, including the Option Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance.

4.2 Company Counsel Matters.

4.2.1. Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received the opinion and disclosure letter of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, counsel to the Company, dated the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

4.2.2. Opinion of Special Intellectual Property Counsel for the Company. On the Closing Date, the Representative shall have received the opinion of Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C., special intellectual property counsel for the Company, dated the Closing Date, addressed to the Representative, in form and substance reasonably satisfactory to the Representative.

4.2.3. Option Closing Date Opinions of Counsel. On the Option Closing Date, if any, the Representative shall have received the opinions of each counsel listed in Sections 4.2.1 and 4.2.2, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsels in their respective opinions delivered on the Closing Date.

4.2.4. Reliance. In rendering such opinions, such counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Representative) of other counsel reasonably acceptable to the Representative, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Representative Counsel if requested.

4.3 Comfort Letters.

4.3.1. Cold Comfort Letter. Promptly following the execution of this Agreement, you shall have received a cold comfort letter containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative and in form and substance satisfactory in all respects to you and to the Auditor, dated as of the date of this Agreement.

4.3.2. Bring-down Comfort Letter. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from the Auditor a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that the Auditor reaffirms the statements made in the letter furnished pursuant to Section 4.3.1, except that the specified date referred to shall be a date not more than three (3) business days prior to the Closing Date or the Option Closing Date, as applicable.

4.4 Officers' Certificates.

4.4.1. Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chief Executive Officer and Chief Operating Officer stating that (i) such officers have carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, in their opinion, the Registration Statement and each amendment thereto, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), any Issuer Free Writing Prospectus as of its date and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to their knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement are true and correct and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iv) there has not been, subsequent to the date of the most recent audited financial statements included or incorporated by reference in the Pricing Disclosure Package, any event which, singularly or in the aggregate, would reasonably be expected to result in a Material Adverse Change, except as set forth in the Prospectus.

4.4.2. Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Date, as the case may be, respectively, certifying: (i) that each of the Charter and Bylaws is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or its counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

4.5 No Material Changes. Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no event which would reasonably be expected to result in a Material Adverse Change from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding would reasonably be expected to result in a Material Adverse Change, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6 Delivery of Agreements.

4.6.1. Lock-Up Agreements. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 3 hereto.

4.6.2. Representative's Warrant Agreement. On the Closing Date, the Company shall have delivered to the Representative executed copies of the Representative's Warrant Agreement.

4.7 Additional Documents. At the Closing Date and at each Option Closing Date (if any) Representative Counsel shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling Representative Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and the Representative's Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representative and Representative Counsel.

4.8 Reverse Stock Split. Not later than the first trading day of the Firm Shares following the date hereof, the Reverse Stock Split shall be effective.

4.9 Waivers of Registration Rights. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of waivers by all persons with registration rights, or other similar rights to have any securities registered pursuant to the Registrant Statement or otherwise registered for sale by the Company under the Securities Act, of such rights to registration.

4.10 Conversion of all shares of Preferred Stock. On or before the Closing Date, the Company shall have delivered evidence satisfactory to the Representative that all issued and outstanding shares of preferred stock of the Company have been converted to shares of Common Stock, and the related Investors' Rights Agreement, Voting Agreement and Right of First Refusal and Co-Sale Agreement shall have been terminated on or prior to the Closing Date.

5. Indemnification.

5.1 Indemnification of the Underwriters.

5.1.1. General. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Underwriter Indemnified Parties,**" and each an "**Underwriter Indemnified Party**"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other out-of-pocket expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus, in any Issuer Free Writing Prospectus or in any Written Testing-the-Waters Communication (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called "**application**") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and Representative's Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters' Information. With respect to any untrue statement or omission or alleged untrue statement or omission made in the Pricing Disclosure Package, the indemnity agreement contained in this Section 5.1.1 shall not inure to the benefit of any Underwriter Indemnified Party to the extent that any loss, liability, claim, damage or expense of such Underwriter Indemnified Party results from the fact that a copy of the Prospectus was not given or sent to the person asserting any such loss, liability, claim or damage at or prior to the written confirmation of sale of the Public Securities to such person as required by the Securities Act and the Securities Act Regulations, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of non-compliance by the Company with its obligations under Section 3.3 hereof.

5.1.2. Procedure. If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of

counsel (subject to the reasonable approval of such Underwriter Indemnified Party) and payment of actual expenses. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company shall not have employed counsel to have charge of the defense of such action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys selected by the Underwriter Indemnified Party (in addition to local counsel) shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if any Underwriter Indemnified Party shall assume the defense of such action as provided above, the Company shall have the right to approve the terms of any settlement of such action, which approval shall not be unreasonably withheld.

5.2 Indemnification of the Company. Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication.

5.3 Contribution.

5.3.1. Contribution Rights. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the Offering of the Public Securities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total net proceeds from the Offering of the Public Securities

purchased under this Agreement (before deducting expenses) received by the Company, as set forth in the table on the cover page of the Prospectus, on the one hand, and the total underwriting discounts and commissions received by the Underwriters with respect to the shares of the Common Stock purchased under this Agreement, as set forth in the table on the cover page of the Prospectus, on the other hand. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.3.1 in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions by such Underwriter with respect to the Offering of the Public Securities exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. Contribution Procedure. Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("contributing party"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid 15 days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. Each Underwriter's obligations to contribute pursuant to this Section 5.3 are several and not joint.

6. Default by an Underwriter.

6.1 Default Not Exceeding 10% of Firm Shares or Option Shares. If any Underwriter or Underwriters shall default in its or their obligations to purchase the Firm Shares or the Option Shares, if the Over-allotment Option is exercised hereunder, and if the number of the Firm Shares or Option Shares with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Shares or Option Shares that all Underwriters have agreed to purchase hereunder, then such Firm Shares or Option Shares to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

6.2 Default Exceeding 10% of Firm Shares or Option Shares. In the event that the default addressed in Section 6.1 relates to more than 10% of the Firm Shares or Option Shares, you may in your discretion arrange for yourself or for another party or parties to purchase such Firm Shares or Option Shares to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Firm Shares or Option Shares, you do not arrange for the purchase of such Firm Shares or Option Shares, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to you to purchase said Firm Shares or Option Shares on such terms. In the event that neither you nor the Company arrange for the purchase of the Firm Shares or Option Shares to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by you or the Company without liability on the part of the Company (except as provided in Sections 3.9 and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided, however, that if such default occurs with respect to the Option Shares, this Agreement will not terminate as to the Firm Shares; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

6.3 Postponement of Closing Date. In the event that the Firm Shares or Option Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, you or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of counsel for the Underwriter may thereby be made necessary. The term "**Underwriter**" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such shares of Common Stock.

7. Additional Covenants.

7.1 Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as members of the Board of Directors and the overall composition of the Board comply with the Sarbanes-Oxley Act, with the Exchange Act and with the listing rules of the Exchange or any other national securities exchange, as the case may be, in the event the Company seeks to have its Public Securities listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the Audit Committee of the Board of Directors qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

7.2 Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent (which shall not be unreasonably delayed, conditioned or withheld, for a period ending at 5:00 p.m., Eastern time, on the first (1st) Business Day following the twentieth (20th) business day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

7.3 Right of First Refusal. The Representative shall have an irrevocable right of first refusal (the "**Right of First Refusal**"), for a period of eight (8) months from the Effective Date, to act as lead or managing underwriter, exclusive placement agent, exclusive financial advisor or in any other similar capacity, on the Representative's customary terms and conditions, in the event the Company or any Subsidiary retains or otherwise uses (or seeks to retain or use) the services of an investment bank or similar financial advisor to pursue a registered, underwritten public offering of equity securities (in addition to the Offering) (each, a "**Subject Transaction**"). The Company shall notify the Representative of its intention to pursue a Subject Transaction, including the material terms thereof, by providing written notice thereof by registered mail or overnight courier service addressed to the Representative. If the

Representative fails to exercise its Right of First Refusal with respect to any Subject Transaction within ten (10) Business Days after the mailing of such written notice, then the Representative shall have no further claim or right with respect to the Subject Transaction. The Representative may elect, in its sole and absolute discretion, not to exercise its Right of First Refusal with respect to any Subject Transaction; *provided* that any such election by the Representative shall not adversely affect the Representative's Right of First Refusal with respect to any other Subject Transaction. The terms and conditions of any such engagements shall be set forth in separate agreements and may be subject to, among other things, satisfactory completion of due diligence by the Representative, market conditions, the absence of a material adverse change to the Company's business, financial condition and prospects, approval of the Representative's internal committee and any other conditions that the Representative may deem appropriate for transactions of such nature. Notwithstanding the foregoing, in the event the Subject Transaction involves a public sale of securities, the Representative shall be entitled to receive as its compensation at least 50% of the compensation payable to the underwriting or placement agent group when serving as co-manager or co-placement agent and at least 33% of the compensation payable to the underwriting or placement agent group when serving as co-manager or co-placement agent with respect to a proposed financing in which there are three co-managing or lead underwriters or co-placement agents.

8. Effective Date of this Agreement and Termination Thereof.

8.1 Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

8.2 Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in your opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the NASDAQ Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an increase in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your opinion, make it inadvisable to proceed with the delivery of the Firm Shares or Option Shares; or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of such a Material Adverse Change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

8.3 Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable up to $200,000, inclusive of the $25,000 advance for accountable expenses previously paid by the Company to the Representative (the "Advance") (which expenses will included, but will not be limited to, all reasonable fees and disbursements of Representative Counsel, travel, lodging and other "road show" expenses, mailing, printing and reproduction expenses, and any reasonable expenses incurred by the Representative in conducting its due diligence, including background checks of the

Company's officers and directors less amounts, if any, previously paid to Aegis in reimbursement for such expenses) upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement. Notwithstanding the foregoing, any advance received by the Representative will be reimbursed to the Company to the extent not actually incurred in compliance with FINRA Rule 5110(f)(2)(C).

8.4 Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

8.5 Representations, Warranties, Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) delivery of and payment for the Public Securities.

9. Miscellaneous.

9.1 Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by facsimile transmission and confirmed and shall be deemed given when so delivered or faxed and confirmed or if mailed, two (2) days after such mailing.

If to the Representative:

Aegis Capital Corp.
810 Seventh Avenue, 18th Floor
New York, New York 10019
Attention: Mr. David Bocchi, Managing Director of Investment Banking
Fax No.: (212) 813-1047

with a copy (which shall not constitute notice) to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Chrysler Center
666 Third Avenue
New York, New York 10017
Attention: Ivan K. Blumenthal, Esq.
Fax No.: (212) 983-3115

If to the Company:

Aldeyra Therapeutics, Inc.
15 New England Executive Park
Burlington, MA 01803
Attention: Todd Brady, M.D., Ph.D., Chief Executive Officer and President
Fax No.: ([____])[____]-[____]

with a copy (which shall not constitute notice) to:

Gunderson Dettmer Stough Villeneuve
Franklin & Hachigian, LLP
850 Winter Street
Waltham, MA 02451
Attention: Keith J. Scherer, Esq.
Fax No.: (781) 622-1622

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.3 Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

9.4 Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof. Notwithstanding anything to the contrary set forth herein, it is understood and agreed by the parties hereto that all other terms and conditions of that certain engagement letter between the Company and Aegis Capital Corp., dated September 11, 2013, as amended, shall remain in full force and effect provided, however, the terms of this Agreement shall supersede any conflicting terms in such engagement letter.

9.5 Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term “successors and assigns” shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

9.6 Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys’ fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

9.8 Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

[*Signature Page Follows*]

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

ALDEYRA THERAPEUTICS, INC.

By: _____
Name:
Title:

Confirmed as of the date first written above mentioned, on behalf of itself and as Representative of the several Underwriters named on Schedule 1 hereto:

AEGIS CAPITAL CORP.

By: _____
Name:
Title:

SCHEDULE 1

Underwriter	Total Number of Firm Shares to be Purchased	Number of Option Shares to be Purchased if the Over-Allotment Option is Fully Exercised
Aegis Capital Corp.		
TOTAL		

SCHEDULE 2-A

Pricing Information

Number of Firm Shares: [•]

Number of Option Shares: [•]

Public Offering Price per Share: $[•]

Underwriting Discount per Share: $[•]

Underwriting Non-accountable expense allowance per Share: $[•]

Proceeds to Company per Share (before expenses): $[•]

SCHEDULE 2-B

Issuer General Use Free Writing Prospectuses

[None.]

SCHEDULE 2-C

Written Testing-the-Waters Communications

[None.]

SCHEDULE 3

List of Lock-Up Parties

Thomas A. Jordan
John E. Dowling
Mintz Levin Investments, LLC
John C. Chabala
Michael Palfreyman
Alan Laties
Domain Associates LLC
Todd Brady
Domain Partners VI, L.P.
DP VI Associates, L.P.
Johnson & Johnson Development Corporation
Square 1 Bank

EXHIBIT A

Form of Representative's Warrant Agreement

EXHIBIT B

Form of Lock-Up Agreement

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

NEURON SYSTEMS, INC.

Neuron Systems, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify that:

1. The name of this corporation is Neuron Systems, Inc.

2. The Certificate of Incorporation of this corporation was filed with the Secretary of State of the State of Delaware on August 13, 2004, and was amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on June 23, 2008.

3. The Amended and Restated Certificate of Incorporation of the corporation is hereby amended, among other provisions, to change the name of this corporation by amending Article I by substituting in lieu of said Article I a new Article I as set forth in the Restated Certificate of Incorporation set forth below and to change the capitalization of the corporation by amending Article IV by substituting in lieu of said Article IV a new Article IV as set forth in the Restated Certificate of Incorporation set forth below.

4. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

5. The text of the Restated Certificate of Incorporation of the corporation, as amended and restated herein, shall read in its entirety as follows:

RESTATED CERTIFICATE OF INCORPORATION

OF

NEURON SYSTEMS, INC.

ARTICLE I

The name of this corporation is Aldexa Therapeutics, Inc.

ARTICLE II

The address of this corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV

This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which this corporation is authorized to issue is 139,778,066 shares. 80,000,000 shares shall be Common Stock, with a par value of $0.001 per share, 40,000,000 of which shall be voting Common Stock (the "Voting Common Stock") and 40,000,000 of which shall be non-voting Common Stock (the "Non-Voting Common Stock"). 59,778,066 shares shall be Preferred Stock with a par value of $0.001 per share. 11,786,216 shares of the Preferred Stock shall be designated "Series A Voting Preferred Stock" and 11,786,216 shares of the Preferred Stock shall be designated "Series A Non-Voting Preferred Stock." The Series A Voting Preferred Stock and the Series A Non-Voting Preferred Stock shall be referred to collectively as the "Series A Preferred Stock." 18,102,817 shares of the Preferred Stock shall be designated "Series B Voting Preferred Stock" and 18,102,817 shares of the Preferred Stock shall be designated "Series B Non-Voting Preferred Stock." The Series B Voting Preferred Stock and the Series B Non-Voting Preferred Stock shall be referred to collectively as the "Series B Preferred Stock." For purposes herein, the Series A Voting Preferred Stock and the Series B Preferred Stock are sometimes referred to as the "Voting Preferred Stock." The rights and preferences of Non-Voting Common Stock shall be substantially identical to those of the Voting Common Stock, except that such shares shall have no voting rights. The rights and preferences of each series of the Non-Voting Preferred Stock shall be substantially identical to those of the same such series of Voting Preferred Stock, except that such shares shall have no voting rights. This corporation shall from time to time in accordance with the laws of the State of Delaware increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance upon conversion of the Preferred Stock shall not be sufficient to permit conversion of the Preferred Stock. Subject to the provisions herein, the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of this corporation representing a majority of the votes represented by all outstanding shares of stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

ARTICLE V

The relative rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and series of the shares of capital stock or the holders thereof are as follows:

A. PREFERRED STOCK.

1. Dividend Provisions. Prior and in preference to any declaration or payment of any dividends to the holders of shares of Common Stock, the holders of shares of the Preferred Stock shall be entitled to receive dividends out of any assets legally available therefor, at the rate

of eight percent (8%) of the applicable Original Issue Price (as defined herein) per share per annum. Such dividends shall be payable when, as and if declared by the board of directors of this corporation, and shall not be cumulative, and, therefore, if not declared in any year, the right to such dividend shall terminate and shall not carry forward into the next year. In the event that the board of directors of this corporation declares a dividend, the amount of which is insufficient to permit payment of the full aforesaid dividends, such dividends will be paid ratably to each holder of Preferred Stock in proportion to the dividend amounts to which each holder of Preferred Stock is entitled. After payment of the full amount of the aforesaid dividends, any additional dividends declared shall be distributed to the holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by such holder on an as-converted to Common Stock basis. The "Original Issue Price" of the Preferred Stock shall be $1.02 per share (as adjusted for stock splits, stock dividends, recapitalization and similar events) for each share of the Series A Preferred Stock and $0.4299 per share (as adjusted for stock splits, stock dividends, recapitalization and similar events) for each share of the Series B Preferred Stock.

2. Liquidation Preference.

(a) Preferred Preference.

(i) In the event of any Liquidating Transaction (as defined below), either voluntarily or involuntarily, the holders of the Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of this corporation (or distribution of consideration in connection with a Liquidating Transaction) (the "Proceeds") to the holders of Common Stock, an amount equal to three (3) multiplied by the applicable Original Issue Price for each share of Preferred Stock then so held, plus a further amount equal to any dividends declared but unpaid on such shares. All of the preferential amounts to be paid to the holders of the Preferred Stock under this Section 2(a)(i) shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any assets of this corporation to, the holders of the Common Stock in connection with such Liquidating Transaction.

(ii) If, upon such Liquidating Transaction the assets of this corporation are insufficient to provide for the payment of the full aforesaid preferential amounts to the holders of the Preferred Stock, such assets as are available shall be distributed ratably among the holders of the Preferred Stock in proportion to the full preferential amount to which each such holder is otherwise entitled to receive pursuant to Section 2(a)(i) above.

(iii) After payment has been made to the holders of the Preferred Stock of the full amounts to which they are entitled as provided in Section 2(a)(i) above, the remaining assets of this corporation available for distribution to stockholders shall be distributed among the holders of Common Stock and Preferred Stock pro-rata based on the number of shares of Common Stock held by each (assuming full conversion of all shares of Preferred Stock).

(iv) Notwithstanding the above, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidating Transaction, each such holder of shares of Preferred Stock shall be deemed to have

converted (regardless of whether such holder actually converted) such holder's shares of such Preferred Stock into shares of Common Stock immediately prior to the Liquidating Transaction if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such Preferred Stock into shares of Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(b) For purposes of this Section 2, a "Liquidating Transaction" of this corporation shall mean a (i) liquidation, dissolution or winding up of this corporation, (ii) sale of all or substantially all of the assets of this corporation, (iii) consolidation or merger with or into any other entity if, as a result of such consolidation or merger, the holders of the Common Stock and the Preferred Stock prior to such consolidation or merger do not hold in excess of fifty percent (50%) of the combined voting power of the surviving entity. The treatment of any particular transaction or series of related transactions as a Liquidating Transaction may be waived by the vote or written consent of the holders of at least sixty-seven percent (67%) of the outstanding Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis).

(c) Notice of Liquidating Transaction. This corporation shall give each holder of record of Preferred Stock written notice of any impending Liquidating Transaction not later than ten (10) days prior to the stockholders' meeting called to approve such Liquidating Transaction, or ten (10) days prior to the closing of such Liquidating Transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such Liquidating Transaction. The first of such notices shall describe the material terms and conditions of the impending Liquidating Transaction, and this corporation shall thereafter give such holders prompt notice of any material changes to such terms and conditions. Unless such notice requirements are waived, the Liquidating Transaction shall not take place sooner than ten (10) days after this corporation has given the first notice provided for herein or sooner than five (5) days after this corporation has given notice of any material changes provided for herein. Notwithstanding any other provisions of this Certificate of Incorporation, all notice periods or requirements in this Certificate of Incorporation applicable to the holders of Preferred Stock may be shortened or waived, either before or after the action for which notice is required, upon the written consent of the holders of at least sixty-seven percent (67%) of the voting power of the outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) that are entitled to such notice rights.

(d) Consent for Certain Repurchases. Each holder of an outstanding share of Preferred Stock shall be deemed to have consented, for purposes of Section 160 of the DGCL, to distributions made by this corporation in connection with the repurchase of shares of Common Stock issued to or held by employees or consultants upon termination of their employment or services pursuant to agreements providing for the right of said repurchase between this corporation and such persons but only to the extent each distribution is equal to or less than the original purchase price of such shares being repurchased.

(e) In any Liquidating Transaction, if Proceeds received by this corporation or its stockholders are other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by (ii) below:

(1) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidating Transaction;

(2) If traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidating Transaction; and

(3) If there is no public market, the value shall be the fair market value thereof, as determined by the board of directors in good faith.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (i) (1), (2) or (3) to reflect the approximate fair market value thereof, as determined by the board of directors of this corporation in good faith.

(iii) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidating Transaction shall be superseded by any determination of such value set forth in the definitive agreements governing such Liquidating Transaction.

(f) In the event the requirements of this Section 2 are not complied with, this corporation shall forthwith either:

(i) cause the closing of such Liquidating Transaction to be postponed until such time as the requirements of this Section 2 have been complied with; or

(ii) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(b) hereof.

3. Voting Rights.

(a) Election of Directors. The Voting Preferred Stock, voting as a single class and not as separate series and on an as-converted basis, shall be entitled to elect two (2) members of the board of directors (the "Preferred Directors"); the Voting Common Stock, voting as as separate class, shall be entitled to elect one (1) member of the board of directors; the Voting

Common Stock and the Voting Preferred Stock voting together as a single class and not as separate series and on an as-converted basis, shall have the right to elect three (3) members of the board of directors. The rights set forth in this Section 3(a) shall terminate upon the earlier of (i) the closing of a Qualified IPO or (ii) a Liquidating Transaction.

(b) Other Matters. On all other matters, except as specifically provided herein or as otherwise required by law, holders of the Voting Preferred Stock shall have full voting rights and powers equal to the voting rights and powers of the holders of Voting Common Stock, and shall be entitled to vote, together with the holders of Voting Common Stock, with respect to any matters upon which holders of Voting Common Stock have the right to vote. Except as otherwise provided herein, the holder of each share of Voting Common Stock issued and outstanding shall have one vote and the holder of each share of Voting Preferred Stock shall be entitled to the number of votes equal to the number of shares of Voting Common Stock into which such share of Voting Preferred Stock could be converted at the record date for determination of the stockholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is-taken or any written consent of stockholders is solicited, such votes to be counted together with all other shares of stock of this corporation having general voting power and not separately as a class. For purposes of this Section 3, the "voting power of the shares of Voting Preferred Stock" shall mean the number of votes equal to the number of shares of Voting Common Stock into which such shares of Voting Preferred Stock could be converted at the dates provided in the preceding sentence. Fractional votes by the holders of Voting Preferred Stock shall not, however, be permitted and any fractional voting rights shall (after aggregating all shares into which shares of Voting Preferred Stock held by each holder could be converted) be rounded down to the nearest whole number.

(c) No Series Voting. Other than as provided herein or required by law, there shall be no series voting.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Preferred Stock shall be convertible into either shares of Voting Common Stock or Non-Voting Common Stock, at the election of the holder, without the payment of any additional consideration by the holder thereof and, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for the Preferred Stock and shall be convertible into the number of fully paid and nonassessable shares of Common Stock which results from dividing the applicable Original Issuance Price per share by the applicable Conversion Price (as hereinafter defined) per share in effect for such series Preferred Stock at the time of conversion. The initial per share Conversion Price of the Preferred Stock shall be $0.7521 (as adjusted for stock splits, stock dividends, recapitalization and similar events relating to the Series A Preferred Stock) for each share of the Series A Preferred Stock and $0.4299 (as adjusted for stock splits, stock dividends, recapitalization and similar events relating to the Series B Preferred Stock) for each share of the Series B Preferred Stock. The initial Conversion Price of the Preferred Stock shall be subject to adjustment from time to time as provided below. The number of shares of Common Stock into which a share of Preferred Stock is convertible is hereinafter referred to as the "Conversion Rate" of such series. Each share of Voting Preferred Stock and each share of

Non-Voting Preferred Stock shall be convertible into one share of the same such series of Non-Voting Preferred Stock or one share of the same such series of Voting Preferred Stock, respectively, without the payment of any additional consideration by the holder thereof and, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for such series of Preferred Stock. Each share of Voting Common Stock and each share of Non-Voting Common Stock issued upon conversion of the Preferred Stock shall be convertible into one share of Non-Voting Common Stock or one share of Voting Common Stock, respectively, without the payment of any additional consideration by the holder thereof and, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for the Common Stock.

(b) Automatic Conversion.

(i) Each share of Series A Preferred Stock shall automatically be converted into share(s) of either Voting Common Stock or Non-Voting Common Stock, at the election of the holder, at the then effective Conversion Rate immediately upon the election of the holders of at least sixty-seven percent (67%) of the outstanding Series A Preferred Stock (voting as a single class and not as separate series, and on an as-converted basis).

(ii) Each share of Series B Preferred Stock shall automatically be converted into share(s) of Voting Common Stock at the then effective Conversion Rate immediately upon the election of the holders of at least sixty-seven percent (67%) of the outstanding Series B Preferred Stock (voting as a single class and not as separate series, and on an as-converted basis).

(iii) Each share of Preferred Stock shall automatically be converted into share(s) of Common Stock immediately upon the closing of the sale of the corporation's Common Stock in a firm commitment, underwritten public offering registered under the Securities Act of 1933, as amended ("Securities Act"), with aggregate offering proceeds to the corporation (before deduction for underwriters' discounts and expenses relating to the issuance) of at least Thirty Million Dollars ($30,000,000) and a public offering price per share equal to at least $1.2897 (subject to adjustments for stock dividends, splits, combinations and similar events) (a "Qualified IPO").

(c) Mechanics of Conversion. Before any holder of Preferred Stock shall be entitled to convert the same into shares of Common Stock, the holder shall surrender the certificate(s) therefor, duly endorsed, at the office of this corporation or of any transfer agent for the Preferred Stock and shall give written notice to this corporation at such office that the holder elects to convert the same (except that no such written notice of election to convert shall be necessary in the event of an automatic conversion pursuant to Section 4(b) hereof). This corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock certificate(s) for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted (except that in the case of an automatic conversion pursuant to Section 4(b)(i) or Section 4(b)(ii), as applicable, hereof such conversion shall be deemed to have been made immediately prior to the close of business on the date of the election referred to in Section 4(b)(i)

or Section (4)(b)(ii), as applicable, or in the case of an automatic conversion pursuant to Section 4(b)(iii) hereof, immediately prior to the closing of the offering referred to in Section 4(b)(iii)) and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. If the conversion is in connection with an underwritten public offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering such Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event any persons entitled to receive Common Stock upon conversion of such Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Fractional Shares. In lieu of any fractional shares to which the holder of Preferred Stock would otherwise be entitled upon conversion, this corporation shall pay cash equal to such fraction multiplied by the fair market value of one share of such series of Preferred Stock as determined by the board of directors of this corporation. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock of each holder at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(e) Adjustment of Conversion Price. The Conversion Price of each series of the Preferred Stock ("Conversion Price") shall be subject to independent adjustment from time to time as follows:

(i) Definitions. For purposes of this paragraph 4(e), the following definitions shall apply:

(1) "Excluded Stock" shall mean:

(A) securities issuable upon conversion of the Preferred Stock, or as a dividend or distribution on the Preferred Stock;

(B) shares of Common Stock (or options to purchase Common Stock) issued or deemed issued to officers, directors, consultants, advisors or employees of this corporation, pursuant to equity compensation plans unanimously approved by the board of directors of this corporation;

(C) securities representing or convertible into, in the aggregate, no more than 1,686,395 shares of Common Stock, on a fully-diluted basis, issued (i) in connection with research and development partnerships, licensing, corporate partnering, collaborative arrangements or similar transactions, and (ii) to financial institutions or lessors in

connection with commercial credit arrangements, equipment financings, commercial property lease transactions, debt financings, marketing arrangements, or similar transactions unanimously approved by the board of directors of this corporation;

(D) shares of Common Stock issued or issuable for consideration other than cash pursuant to a merger, consolidation, acquisition or similar business combination, provided that such issuance has been unanimously approved by the board of directors of this corporation;

(E) shares of Common Stock issued or issuable pursuant to outstanding Options or Convertible Securities as of the Initial Closing (all as defined in the Purchase Agreement (as defined herein));

(F) shares of Preferred Stock issued at the Initial Closing (defined in the Purchase Agreement) pursuant to the Purchase Agreement or shares of Common Stock issued or issuable upon conversion of such shares of Preferred Stock; and

(G) Shares issued in connection with a Qualified IPO;

(H) Shares of Preferred Stock issued upon exercise of the Warrants purchased at the Initial Closing (as such terms are defined in the Purchase Agreement) or shares of Common Stock issued or issuable upon conversion of such shares of Preferred Stock.

(2) "Options" means options or warrants to purchase or rights to subscribe for Common Stock.

(3) "Convertible Securities" means securities by their terms directly or indirectly convertible into or exchangeable for Common Stock and options or warrants to purchase or rights to subscribe for such convertible or exchangeable securities.

(4) "Purchase Rights" means Options and Convertible Securities.

(ii) Adjustment of Conversion Price for Dilutive Issuance of Preferred Stock. If this corporation issues or is deemed to issue any Common Stock on or after the date upon which this Restated Certificate of Incorporation is accepted for filing by the Secretary of State of the State of Delaware (the "Filing Date") other that Excluded Stock (such shares of Common Stock, "Additional Stock") without consideration or for a consideration per share of

less than the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith be adjusted to a price equal to the price paid per share for such Additional Stock.

(iii) If the number of shares of Common Stock outstanding at any time after the Filing Date is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, on the date such payment is made or such change is effective, the Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of any shares of such Preferred Stock shall be increased in proportion to such increase of outstanding shares.

(iv) If the number of shares of Common Stock outstanding at any time after the Filing Date is decreased by a combination of the outstanding shares of Common Stock then, on the effective date of such combination, the Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of any shares of Preferred Stock shall be decreased in proportion to such decrease in outstanding shares.

(v) In case this corporation shall declare a cash dividend upon its Common Stock payable otherwise than out of retained earnings or shall distribute to holders of its Common Stock shares of its capital stock (other than Common Stock), stock or other securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights (excluding Purchase Rights), then, in each such case, the holders of shares of Preferred Stock shall, concurrent with the distribution to holders of Common Stock, receive a like distribution based upon the number of shares of Common Stock into which each series of Preferred Stock is convertible.

(vi) All calculations under this Section 4 shall be made to the nearest cent or to the nearest 1/100 of a share, as the case may be.

(f) Minimal Adjustments. No adjustment in the Conversion Price need be made if such adjustment would result in a change in the Conversion Price of less than $0.01. Any adjustment of less than $0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of $0.01 or more in the Conversion Price.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this Section 4, this corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which adjustment or readjustment is based. This corporation shall, upon request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Rate at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversions of such holder’s shares of Preferred Stock.

(h) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property or to receive any other right, this corporation shall mail to each holder of Preferred Stock at least ten (10) days prior to such record date, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution or right, and the amount and character of such dividend, distribution or right.

(i) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of (i) Voting Common Stock, solely for the purpose of effecting the conversion of the shares of Preferred Stock, such number of its shares of Voting Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Preferred Stock; and (ii) Non-Voting Common Stock, solely for the purpose of effecting the conversion of the shares of Preferred Stock, such number of its shares of Non-Voting Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Preferred Stock. If at any time the number of authorized but unissued shares of Voting Common Stock or Non-Voting Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Voting Common Stock or Non-Voting Common Stock, as the case may be, to such number of shares as shall be sufficient for such purpose.

(j) Notices. Any notice required by the provisions of this Section 4 to be given to the holder of shares of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of this corporation.

5. Redemption of Preferred Stock.

(a) This corporation shall not have the right to call or redeem any shares of Preferred Stock at its option.

(b) At any time after the seventh (7th) anniversary of the first issuance of Preferred Stock pursuant to the Purchase Agreement, the holders of at least two-thirds of the voting power of all then outstanding shares of Preferred Stock (voting together as a single class and not as separate series and on an as-converted basis) may elect to require this corporation to redeem for cash all of the then outstanding shares of Preferred Stock. Such holders shall exercise such redemption right, if at all, by sending a written notice thereof to this corporation (the "Redemption Notice"). Upon receipt of the Redemption Notice (the "Redemption Date"), this corporation shall redeem the shares of Preferred Stock then outstanding as of the Redemption Date in three (3) annual installments (each payment date being referred to herein as a "Due Date"), with (i) the first annual installment due on the date that is sixty (60) days after the Redemption Date, (ii) the second annual installment due on the first anniversary of the payment date specified in clause (i) above, and (iii) the third annual installment due on the second anniversary of the payment date specified in clause (i) above. Payment shall be made by this

corporation by paying in cash therefor, the applicable Original Issue Price for each share of Preferred Stock (as adjusted for any stock dividends, combinations or splits with respect to such shares), plus all declared but unpaid dividends on such shares (the "Redemption Price"). The number of shares of Preferred Stock that this corporation shall be required to redeem on any one Due Date shall be equal to one-third of the number of shares of Preferred Stock outstanding immediately prior to the Redemption Date. Any redemption of Preferred Stock effected pursuant to this Article V(5)(b) shall be made on a pro rata basis among the holders of each series of Preferred Stock in proportion to the aggregate Redemption Price that each such holder of Preferred Stock would otherwise be entitled to receive on the applicable Due Date. Notwithstanding the provisions of this Article V(5)(b), this corporation will not be required to redeem shares on any Due Date to the extent funds are not legally available. If funds are not legally available to consummate a redemption under this Article V(5)(b), this corporation shall redeem the maximum number of shares for which funds are legally available and will redeem the remaining shares of Preferred Stock as soon as sufficient funds are legally available until the total number of shares that it has redeemed is equal to the total number of shares that it would have redeemed at such time as if it had redeemed in accordance with the provisions of this Article V(5)(b). Notwithstanding the foregoing, any holder of Preferred Stock may waive the redemption right set forth in this Article V(5)(b), with respect to the Preferred Stock held by such holder, by delivering written notice of such waiver to this Corporation and the other holders of Preferred Stock at least ten (10) days prior to the Redemption Date.

(c) This corporation shall give notice by certified mail, postage prepaid, return receipt requested, to the holders of record of such shares of Preferred Stock to be redeemed, such notice to be addressed to each holder at the address shown in this corporation's records, which notice shall specify the applicable Due Date, the number of shares of Preferred Stock to be redeemed, the holder to be redeemed and the date on which conversion rights terminate (which shall not be prior to the fifth (5th) day preceding the applicable Due Date). Such notice shall be given no more than sixty (60) but no less than thirty (30) days prior to the applicable Due Date. On or after the applicable Due Date, each holder shall surrender such holder's certificate (or comply with applicable lost certificate provisions) for the number of shares to be redeemed as stated in the notice to this corporation at the place specified in such notice. If less than all of the shares represented by such certificate are redeemed, a new certificate shall forthwith be issued for the unredeemed shares. Provided such notice is duly given, and provided that on the Due Date specified there shall be a source of funds legally available for such redemption, then all rights with respect to such shares shall, after the specified Due Date, terminate, whether or not said certificates have been surrendered, excepting only in the latter instance the right of the holder to receive the Redemption Price thereof, without interest, upon such surrender (or compliance with lost certificate provisions).

(d) From and after a Redemption Date, upon payment in full of the Redemption Price for each share redeemed, all rights of the holders with respect to such redeemed shares of Preferred Stock shall cease and such shares shall not thereafter be transferred on the books of the corporation or be deemed outstanding for any purposes whatsoever.

6. Protective Provisions. This corporation shall not (by merger, reclassification, amendment or otherwise) without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least seventy percent (70%) of the then outstanding shares of Series B Voting Preferred Stock, voting as a separate series:

(a) Effect any amendment to the Certificate of Incorporation or Bylaws that materially and adversely alters or changes the rights, preferences or privileges of the outstanding Series Preferred Stock;

(b) increase or decrease the aggregate number of authorized shares of Preferred Stock;

(c) increase the number of shares reserved for issuance or sale to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their service pursuant to any stock plan or agreement;

(d) issue, obligate itself to issue, create or effect a creation of any new class or series of shares of stock that ranks above or *pari passu* with the Series B Preferred Stock with respect to voting rights, liquidation preferences or dividends;

(e) effect any merger, other corporate reorganization, sale of control, or any transaction in which all or substantially all of the assets of this corporation are sold;

(f) effect any Liquidating Transaction of this corporation;

(g) execute any action to increase or decrease the number of directors of this corporation;

(h) enter into any transactions with affiliates of this corporation;

(i) license any of this corporation's intellectual property to third parties;

(j) declare or pay dividends on any capital stock having rights, preferences and privileges junior to the Preferred Stock (other than dividends paid or declared in Common Stock); or

(k) do any act or thing which would result in taxation of the holders of shares of the Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (the "Code") (or any comparable provision of the Code as hereafter from time to time amended).

B. COMMON STOCK.

Except for and subject to those rights expressly granted to the holders of the Preferred Stock (including, without limitation, any dividend rights), or except as may be provided by the laws of the State of Delaware, the holders of Common Stock shall have exclusively all rights of stockholders.

ARTICLE VI

This corporation is to have perpetual existence.

ARTICLE VII

1. Limitation of Liability. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of this corporation shall not be personally liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

2. Indemnification. This corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that such person or his or her testator or intestate is or was a director, officer or employee of this corporation, or any predecessor of this corporation, or serves or served at any other enterprise as a director, officer or employee at the request of this corporation or any predecessor to this corporation.

3. Amendments. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this corporation's Certificate of Incorporation inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE VIII

In the event that the shares of Preferred Stock shall be converted or redeemed pursuant to the terms hereof, the shares so converted or redeemed shall not revert to the status of authorized but unissued shares, but instead shall be canceled and shall not be re-issuable by this corporation.

ARTICLE IX

Holders of stock of any class or series of this corporation shall not be entitled to cumulate their votes for the election of directors or any other matter submitted to a vote of the stockholders.

ARTICLE X

Elections of directors need not be by written ballot unless the Bylaws of this corporation so provide.

ARTICLE XI

The corporation hereby renounces, to the fullest extent permitted by Section 122 (17) of the DGCL, any interest or expectancy of the corporation in, or in being offered, an opportunity to participate in, any Business Opportunity. A "Business Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the corporation who is not an employee of the corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the corporation or any of its subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes

into the possession of, a Covered Person solely in such Covered Person's capacity as a director of the corporation. To the fullest extent permitted by law, the corporation hereby waives any claim against a Covered Person, and agrees to indemnify all Covered Persons against any claim, that is based on fiduciary duties, the corporate opportunity doctrine or any other legal theory which could limit any Covered Person from pursuing or engaging in any Business Opportunity.

ARTICLE XII

In furtherance and not in limitation of the powers conferred by statute, the board of directors of this corporation is expressly authorized to make, alter, amend or repeal the Bylaws of this corporation.

ARTICLE XIII

The foregoing amendment and restatement of the Certificate of Incorporation has been duly approved by the board of directors of this corporation.

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The foregoing Restated Certificate of Incorporation has been duly adopted by this corporation's Board of Directors and stockholders in accordance with applicable provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware and executed by its President and Chief Executive Officer this 20th day of December, 2012.

/s/ Todd Brady
Todd Brady
President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ALDEXA THERAPEUTICS, INC.

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

Aldexa Therapeutics, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

1. The Certificate of Incorporation of this corporation was filed with the Secretary of State of the State of Delaware on August 13, 2004, was amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on June 23, 2008, and further amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on December 20, 2012.

2. That the Board of Directors of this corporation duly adopted resolutions setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation of this corporation (the "Certificate"), declaring said amendment to be advisable and in the best interests of this corporation:

RESOLVED, that Article V Section A(3)(a) of the Amended and Restated Certificate of Incorporation of the corporation be amended to read in its entirety as follows:

"The Voting Preferred Stock, voting as a single class and not as separate series and on an as-converted basis, shall be entitled to elect two (2) members of the board of directors (the "Preferred Directors"); the Voting Common Stock, voting as a separate class, shall be entitled to elect one (1) member of the board of directors; the Voting Common Stock and the Voting Preferred Stock voting together as a single class and not as separate series and on an as-converted basis, shall have the right to elect the remaining members of the board of directors. The rights set forth in this Section 3(a) shall terminate upon the earlier of (i) the closing of a Qualified IPO or (ii) a Liquidating Transaction."

3. That thereafter said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law by written consent of the stockholders holding the requisite number of shares given in accordance with and pursuant to Section 228 of the General Corporation Law.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this corporation has caused this Certificate of Amendment of the Amended and Restated Certificate of Incorporation to be executed by a duly authorized officer of the corporation this 21st day of June, 2013.

/s/ Todd Brady

Name: Todd Brady
Title: President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ALDEXA THERAPEUTICS, INC.

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

Aldexa Therapeutics, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

1. The Certificate of Incorporation of this corporation was filed with the Secretary of State of the State of Delaware on August 13, 2004, was amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on June 23, 2008, further amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on December 20, 2012 and further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on June 21, 2013.

2. That the Board of Directors of this corporation duly adopted resolutions setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation of this corporation (the "Certificate"), declaring said amendment to be advisable and in the best interests of this corporation:

RESOLVED, that Article IV of the Amended and Restated Certificate of Incorporation of the corporation be amended to read in its entirety as follows:

"This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which this corporation is authorized to issue is 192,000,000 shares. 130,000,000 shares shall be Common Stock, with a par value of $0.001 per share, 65,000,000 of which shall be voting Common Stock (the "Voting Common Stock") and 65,000,000 of which shall be non-voting Common Stock (the "Non-Voting Common Stock"). 62,000,000 shares shall be Preferred Stock with a par value of $0.001 per share. 12,000,000 shares of the Preferred Stock shall be designated "Series A Voting Preferred Stock" and 12,000,000 shares of the Preferred Stock shall be designated "Series A Non-Voting Preferred Stock." The Series A Voting Preferred Stock and the Series A Non-Voting Preferred Stock shall be referred to collectively as the "Series A Preferred Stock." 19,000,000 shares of the Preferred Stock shall be designated "Series B Voting Preferred Stock" and 19,000,000 shares of the Preferred Stock shall be designated "Series B Non-Voting Preferred Stock." The Series B Voting Preferred Stock and the Series B Non-Voting Preferred Stock shall be referred to collectively as the

"Series B Preferred Stock." For purposes herein, the Series A Voting Preferred Stock and the Series B Voting Preferred Stock are sometimes referred to as the "Voting Preferred Stock." The rights and preferences of Non-Voting Common Stock shall be substantially identical to those of the Voting Common Stock, except that such shares shall have no voting rights. The rights and preferences of each series of the Non-Voting Preferred Stock shall be substantially identical to those of the same such series of Voting Preferred Stock, except that such shares shall have no voting rights. This corporation shall from time to time in accordance with the laws of the State of Delaware increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance upon conversion of the Preferred Stock shall not be sufficient to permit conversion of the Preferred Stock. Subject to the provisions herein, the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of this corporation representing a majority of the votes represented by all outstanding shares of stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL."

3. That thereafter said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law by written consent of the stockholders holding the requisite number of shares given in accordance with and pursuant to Section 228 of the General Corporation Law.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this corporation has caused this Certificate of Amendment of the Amended and Restated Certificate of Incorporation to be executed by a duly authorized officer of the corporation this 14th day of August, 2013.

/s/ Todd Brady

Name: Todd Brady
Title: President and Chief Executive Officer

CERTIFICATE OF AMENDMENT OF
THE CERTIFICATE OF INCORPORATION OF
ALDEXA THERAPEUTICS, INC.

ALDEXA THERAPEUTICS, INC. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

FIRST: The name of this corporation is Aldexa Therapeutics, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on August 13, 2004, was amended by that Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on June 23, 2008, further amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on December 20, 2012, further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on June 21, 2013, and further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on August 14, 2013.

SECOND: The Board of Directors of this corporation adopted resolutions setting forth a proposed amendment to the Certificate of Incorporation of this corporation (the "Certificate"), declaring said amendment to be advisable and in the best interests of this corporation and its stockholders and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders to such amendment. The proposed amendment to the Certificate is as follows:

RESOLVED, that Article IV of the Amended and Restated Certificate of Incorporation of the Corporation be amended to insert the following immediately prior to the first paragraph:

"Effective as of immediately prior to the effectiveness of the Registration Statement on Form S-1 (File No. 333-193204) originally filed by the Corporation on January 6, 2013 (the "Effective Time"), each twelve (12) issued shares of each series of Preferred Stock and Common Stock shall be combined and changed into one (1) share of such series of Preferred Stock or Common Stock, as applicable (the "Reverse Stock Split"), which shares shall be fully paid and nonassessable. No fractional shares of Preferred Stock or Common Stock shall be issued as a result of the Reverse Stock Split. Each holder of a certificate evidencing such holder's ownership of Preferred Stock or Common Stock at the Effective Time who would otherwise have been entitled to a fraction of a share as a result of the combination of the Preferred Stock or Common Stock represented by such certificate, shall, in lieu thereof, be entitled to receive a cash payment in an amount equal to the fraction to which the stockholder would otherwise be entitled in respect of such certificate multiplied by the fair market value per share as determined by the Corporation's board of directors. Such Reverse Stock Split shall occur whether or not certificates representing any stockholder's shares held prior to the Reverse Stock Split are surrendered for cancellation."

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law by written consent of the stockholders holding the requisite number of shares given in accordance with and pursuant to Section 228 of the General Corporation Law.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, Aldexa Therapeutics, Inc. has caused this Certificate of Amendment to be executed by a duly authorized officer of the Corporation as of March 4, 2014.

/s/ Todd C. Brady

Name: Todd C. Brady, M.D., Ph.D.
Title: President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ALDEXA THERAPEUTICS, INC.

ALDEXA THERAPEUTICS, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

FIRST: The name of this corporation is Aldexa Therapeutics, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on August 13, 2004, was amended by that Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on June 23, 2008, further amended by that Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on December 20, 2012, further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on June 21, 2013, further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on August 14, 2013, and further amended by that Certificate of Amendment, filed with the Secretary of State of the State of Delaware on March 4, 2014.

SECOND: The Board of Directors of this corporation adopted resolutions setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation of this corporation (the "Certificate"), declaring said amendment to be advisable and in the best interests of this corporation and its stockholders and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders to such amendment. The proposed amendment to the Certificate is as follows:

RESOLVED, that Article I of the Certificate be amended and restated in its entirety as follows:

"The name of this corporation is Aldeyra Therapeutics, Inc."

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law by written consent of the stockholders holding the requisite number of shares given in accordance with and pursuant to Section 228 of the General Corporation Law.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, this corporation has caused this Certificate of Amendment of the Amended and Restated Certificate of Incorporation to be executed by a duly authorized officer of the corporation as of March 17, 2014.

/s/ Todd C. Brady
Name: Todd C. Brady, M.D., Ph.D.
Title: President and Chief Executive Officer

Exhibit 3.2

ALDEYRA SYSTEMS, INC.

AMENDED AND RESTATED BYLAWS

(Effective: May 11, 2009)

ARTICLE I - STOCKHOLDERS

Section I. Annual Meeting.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at ten o'clock a.m. or such other time as is determined by the Board of Directors, on such date (other than a Saturday, Sunday or legal holiday) as is determined by the Board of Directors, which date shall be within thirteen (13) months subsequent to the later of the date of incorporation or the last annual meeting of stockholders, and at such place as the Board of Directors shall each year fix.

Section 2. Special Meetings.

Subject to the rights of the holders of any class or series of preferred stock of the Corporation, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors authorized. Special meetings of the stockholders may be held at such place within or without the State of Delaware as may be stated in such resolution.

Section 3. Notice of Meetings.

Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or *if a* new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Section 5. Organization.

The Chairman of the Board of Directors or, in his or her absence, such person as the Board of Directors may have designated or, in his or her absence, the chief executive officer of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The Chairman of the Board of Directors or his or her designee or, if neither the Chairman of the Board nor his or her designee is present at the meeting, then a person appointed by a majority of the Board of Directors, shall preside at, and act as chairman of, any meeting of the stockholders. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such regulation of the manner of voting and the conduct of discussion as he or she deems to be appropriate.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed in accordance with the procedure established for the meeting.

Each stockholder shall have one (1) vote for every share of stock entitled to vote which is registered in his or her name on the record date for the meeting, except as otherwise provided herein or required by law.

All voting, including on the election of directors but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or his or her proxy, a vote by ballot shall be taken.

Except as otherwise provided in the terms of any class or series of preferred stock of the Corporation, all elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast.

Section 8. Action Without Meeting.

Any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be (1) signed and dated by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (2) delivered to the Corporation within sixty (60) days of the earliest dated consent by delivery to its registered office in the State of Delaware (in which case delivery shall be by hand or by certified or registered mail, return receipt requested), its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 9. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II - BOARD OF DIRECTORS

Section I. Number, Election, Tenure and Qualification.

Except as otherwise specified in the Certificate of Incorporation of the Corporation, the number of directors which shall constitute the whole board shall be

determined by resolution of the Board of Directors or by the stockholders at the annual meeting or at any special meeting of stockholders. The directors shall be elected at the annual meeting or at any special meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his or her successor is elected and qualified, unless sooner displaced. Directors need not be stockholders.

Section 2. Vacancies and Newly Created Directorships.

Subject to the rights of the holders of any class or series of preferred stock of the Corporation to elect directors, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, or the sole remaining director. No decrease in the number of authorized directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3. Resignation and Removal.

Any director may resign at any time upon written notice to the Corporation at its principal place of business or to the chief executive officer or secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified by law or the Certificate of Incorporation.

Section 4. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A written notice of each regular meeting shall not be required.

Section 5. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, if any, the Chief Executive Officer, the President, the Treasurer, the Secretary or one or more of the directors then in office and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given each director by whom it is not waived by mailing written notice not less than three (3) days before the meeting or orally, by telegraph, telex, cable or telecopy given not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 6. Quorum.

At any meeting of the Board of Directors, a majority of the total number of members of the Board of Directors shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 7. Action by Consent.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 8. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 9. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law.

Section 10. Powers.

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

(1) To declare dividends from time to time in accordance with law;

(2) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(3) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, to borrow funds and guarantee obligations, and to do all things necessary in connection therewith;

(4) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(5) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

(6) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

(7) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and,

(8) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Corporation's business and affairs.

Section 11. Compensation of Directors.

Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III - COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors, by a vote of a majority of the Board of Directors, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of

Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE IV - OFFICERS

Section 1. Enumeration.

The officers of the Corporation shall be the Chief Executive Officer, the President, the Treasurer, the Secretary and such other officers as the Board of Directors or the Chairman of the Board may determine, including, but not limited to, the Chairman of the Board of Directors, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

Section 2. Election.

The Chairman of the Board, if any, the Chief Executive Officer, the President, the Treasurer and the Secretary shall be elected annually by the Board of Directors at their first meeting following the annual meeting of the stockholders. The Board of Directors or such officer of the Corporation as it may designate, if any, may, from time to time, elect or appoint such other officers as it or he or she may determine, including, but not limited to, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

Section 3. Qualification.

No officer need be a stockholder. The Chairman of the Board, if any, and any Vice Chairman appointed to act in the absence of the Chairman, if any, shall be elected by and from the Board of Directors, but no other officer need be a director. Two or more offices may be held by any one person. If required by vote of the Board of Directors, an officer shall give bond to the Corporation for the faithful performance of his or her duties, in such form and amount and with such sureties as the Board of Directors may determine. The premiums for such bonds shall be paid by the Corporation.

Section 4. Tenure and Removal.

Each officer elected or appointed by the Board of Directors shall hold office until the first meeting of the Board of Directors following the next annual meeting of the stockholders and until his or her successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified in the vote electing or appointing said officer. Each officer appointed by an officer designated by the Board of Directors to elect or appoint such officer, if any, shall hold office until his or her successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified by any agreement or other instrument appointing such officer. Any officer may resign by giving written notice of his or her resignation to the Chairman of the Board, if any, the Chief Executive Officer, the President, or the Secretary, or to the Board of Directors at a meeting of the Board, and such resignation shall become effective at the time specified therein. Any officer may be removed from office with or without cause by vote of a majority of the directors. Any officer appointed by an officer designated by the Board of Directors to elect or appoint such officer, if any, may be removed with or without cause by such officer.

Section 5. Chairman of the Board

The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and stockholders at which he or she is present and shall have such authority and perform such duties as may be prescribed by these Bylaws or from time to time be determined by the Board of Directors.

Section 6. Chief Executive Officer.

The Chief Executive Officer shall be the chief executive officer of the Corporation and shall, subject to the direction of the Board of Directors, have general supervision and control of the business of the Corporation and have general supervision and direction of all officers, employees and agents of the Corporation. If no person is designated as the Chief Executive Officer, the President shall be the Chief Executive Officer.

Section 7. President.

The President shall, subject to the control and direction of the Chief Executive Officer and the Board of Directors, have and perform such powers and duties as may be prescribed by these Bylaws or from time to time be determined by the Chief Executive Officer or the Board of Directors. In absence of a Chief Executive Officer, the President shall be the chief executive officer of the Corporation and shall, subject to the direction of the Board of Directors, have general supervision and control of the business of the Corporation and have general supervision and direction of all officers, employees and agents of the Corporation.

Section 8. Vice Presidents.

The Vice Presidents, if any, in the order of their election, or in such other order as the Board of Directors may determine, shall have and perform the powers and duties of the President (or such of the powers and duties as the Board of Directors may determine) whenever the President is absent or unable to act. The Vice Presidents, if any, shall also have such other powers and duties as may from time to time be determined by the Board of Directors.

Section 9. Treasurer and Assistant Treasurers.

The Treasurer shall, subject to the control and direction of the Board of Directors, have and perform such powers and duties as may be prescribed in these Bylaws or be determined from time to time by the Board of Directors. All property of the Corporation in the custody of the Treasurer shall be subject at all times to the inspection and control of the Board of Directors. Unless otherwise voted by the Board of Directors, each Assistant Treasurer, if any, shall have and perform the powers and duties of the Treasurer whenever the Treasurer is absent or unable to act, and may at any time exercise such of the powers of the Treasurer, and such other powers and duties, as may from time to time be determined by the Board of Directors.

Section 10. Secretary and Assistant Secretaries.

The Board of Directors shall appoint a Secretary and, in his or her absence, an Assistant Secretary. The Secretary or, in his or her absence, any Assistant Secretary, shall attend all meetings of the directors and shall record all votes of the Board of Directors and minutes of the proceedings at such meetings. The Secretary or, in his or her absence, any Assistant Secretary, shall notify the directors of their meetings, and shall have and perform such other powers and duties as may from time to time be determined by the Board of Directors. If the Secretary or an Assistant Secretary is elected but is absent from any meeting of directors, a temporary secretary may be appointed by the directors at the meeting.

Section 11. Bond.

If required by the Board of Directors, any officer shall give the Corporation a bond in such sum and with such surety or sureties and upon such terms and conditions as shall be satisfactory to the Board of Directors, including without limitation a bond for the faithful performance of the duties of his office and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his control and belonging to the Corporation.

Section 12. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the Chief Executive Officer, the President, the Treasurer or any officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V - STOCK

Section 1. Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of this Article of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders,

nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

Section 6. Interpretation.

The Board of Directors shall have the power to interpret all of the terms and provisions of these Bylaws, which interpretation shall be conclusive.

ARTICLE VI - NOTICES

Section I. Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mail, postage paid, or by sending such notice by courier service, prepaid telegram or mailgram, or telecopy, cable, or telex. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mail or by courier, telegram, mailgram, telecopy, cable, or telex shall be the time of the giving of the notice.

Section 2. Waiver of Notice.

A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance of a director or stockholder at a meeting without protesting prior thereto or at its commencement the lack of notice shall also constitute a waiver of notice by such director or stockholder.

ARTICLE VII - INDEMNIFICATION

Section 1. Actions other than by or in the Right of the Corporation.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection

with the defense or settlement of such action or suit if he acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

Section 3. Success on the Merits.

To the extent that any person described in Section 1 or Section 2 of this Article has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Specific Authorization.

Any indemnification under Section 1 or Section 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said Sections. Such determination shall be made with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders of the Corporation.

Section 5. Advance Payment.

Expenses incurred in defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he or she is not entitled to indemnification by the Corporation as authorized in this Article.

Section 6. Non-Exclusivity.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article shall not be deemed exclusive of any other

rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 7. Insurance.

The Board of Directors may authorize, by a vote of the majority of the full board, the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 8. Continuation of Indemnification and Advancement of Expenses.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Severability.

If any word, clause or provision of this Article or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. Intent of Article.

The intent of this Article is to provide for indemnification and advancement of expenses to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware. To the extent that such Section or any successor section may be amended or supplemented from time to time, this Article shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII - CERTAIN TRANSACTIONS

Section 1. Transactions with Interested Parties.

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are

directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction or solely because the votes of such director or officer are counted for such purpose, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

Section 2. Quorum.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX - MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

Except as otherwise determined by the Board of Directors from time to time, the fiscal year of the Corporation shall end on the last day of December of each year.

Section 5. Time Periods.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X - AMENDMENTS

These Bylaws may be amended, added to, rescinded or repealed by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any meeting of the stockholders or of the Board of Directors, provided notice of the proposed change was given in the notice of the meeting or, in the case of a meeting of the Board of Directors, in a notice given not less than two (2) days prior to the meeting.

Exhibit 3.3

RESTATED CERTIFICATE OF INCORPORATION

OF

ALDEYRA THERAPEUTICS, INC.

(Pursuant to Sections 242 and 245 of
the Delaware General Corporation Law)

Aldeyra Therapeutics, Inc., a corporation organized and existing under and by virtue of the provisions of the Delaware General Corporation Law,

DOES HEREBY CERTIFY:

FIRST: That the name of the corporation is Aldeyra Therapeutics, Inc. and that this corporation was originally incorporated pursuant to the Delaware General Corporation Law on August 13, 2004 under the name Neuron Systems, Inc.

SECOND: That the Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the Delaware General Corporation Law.

THIRD: That the Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's heretofore existing Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law.

FOURTH: That the Restated Certificate of Incorporation of this corporation shall be amended and restated to read in full as follows:

ARTICLE I

The name of the corporation is Aldeyra Therapeutics, Inc. (the "Corporation").

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

ARTICLE IV

A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is one hundred sixty-five million (165,000,000), consisting of one hundred fifty million (150,000,000) shares of Common Stock, par value $0.001 per share (the "Common Stock"), and fifteen million (15,000,000) shares of Preferred Stock, par value $0.001 per share (the "Preferred Stock").

B. The board of directors is authorized, without further stockholder approval and subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Preferred Stock Designation).

ARTICLE V

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Unless otherwise required by law, special meetings of stockholders of the Corporation may be called only by the Chairman of the board of directors or the Chief Executive Officer (or if there is no Chief Executive Officer, the President) or by the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

E. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine.

ARTICLE VI

A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors of the Corporation shall be fixed from time to time exclusively by the board of directors pursuant to a resolution adopted by a majority of the Whole Board and may not be fixed by any other person(s).

B. The board of directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided into three classes: Class I, Class II, and Class III. Such classes shall be as nearly equal in number of directors as reasonably possible. Each director shall serve for a term ending on the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided, however, that the directors first elected or appointed to Class I shall serve for a term ending on the Corporation's first annual meeting of stockholders following the effectiveness of this Restated Certificate of Incorporation, the directors first elected or appointed to Class II shall serve for a term ending on the Corporation's second annual meeting of stockholders following the effectiveness of this Restated Certificate of Incorporation, and the directors first elected or appointed to Class III shall serve for a term ending on the Corporation's third annual meeting of stockholders following the effectiveness of this Restated Certificate of Incorporation. The board of directors is authorized to assign members of the board of directors already in office to such classes as it may determine at the time the classification of the board of directors becomes effective. The foregoing notwithstanding, each director shall serve until such director's successor shall have been duly elected and qualified, or until such director's prior death, resignation, retirement, disqualification or other removal.

C. At each annual election, directors chosen to succeed those whose terms then expire shall be of the same class as the directors they succeed unless, by reason of any intervening changes in the authorized number of directors, the board of directors shall designate one or more directorships whose term then expires as directorships of another class in order more nearly to achieve equality of number of directors among the classes.

D. Notwithstanding the rule that the three classes shall be as nearly equal in number of directors as reasonably possible, in the event of any change in the authorized number of directors, each director then continuing to serve as such shall nevertheless continue as a director of the class of which such director is a member until the expiration of such director's current term, or such director's prior death, resignation, retirement, disqualification or other removal. If any newly created directorship may, consistently with the rule that the three classes shall be as nearly equal in number of directors as reasonably possible, be allocated to more than one class, the board of directors shall allocate it to that of the available class whose term of office is due to expire at the earliest date following such allocation.

E. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the board of directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

F. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the bylaws of the Corporation.

G. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VII

In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly empowered to adopt, amend or repeal bylaws of the Corporation. Any adoption, amendment or repeal of the bylaws of the Corporation by the board of directors shall require the approval of a majority of the Whole Board. The stockholders shall also have the power to adopt, amend or repeal the bylaws of the Corporation as prescribed by law; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Preferred Stock Designation), the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the bylaws of the Corporation.

ARTICLE VIII

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article VIII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, she, his or her testator or intestate is or was a director, officer, employee or agent at the request of the Corporation or any predecessor to the Corporation or serves or served at any other enterprise as a director, officer, employee or agent at the request of the Corporation or any predecessor to the Corporation.

Any repeal or modification of the foregoing provisions of this Article VIII by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

ARTICLE IX

The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Restated Certificate of Incorporation (including any Preferred Stock Designation), the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal the provisions of this Restated Certificate of Incorporation; provided, however, that any amendment or repeal of Sections C or D or E of Article V, or any provision of Article VI, Article VII, Article VIII or this Article IX shall require the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

* * * *

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation this ____ day of _____, 2013.

Todd Brady
Chief Executive Officer

AMENDED AND RESTATED

BYLAWS OF

ALDEYRA THERAPEUTICS, INC.

A DELAWARE CORPORATION

EFFECTIVE: , 2014

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ARTICLE I

OFFICES AND RECORDS

Section 1.1 Delaware Office. The registered office of the Corporation in the State of Delaware shall be located in the City of Wilmington, County of New Castle.

Section 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

Section 1.3 Books and Records. The books and records of the Corporation may be kept at the Corporation's headquarters in Burlington, Massachusetts or at such other locations outside the State of Delaware as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

Section 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held at such date, place and/or time as may be fixed by resolution of the Board of Directors.

Section 2.2 Special Meeting. Special meetings of stockholders of the Corporation may be called only by the Chairman of the Board or the President or by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of these Amended and Restated Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

Section 2.3 Place of Meeting. The Board of Directors may designate the place of meeting for any meeting of the stockholders or the means of remote communications by which any meeting shall be held. If no designation is made by the Board of Directors, the place of meeting shall be the principal office of the Corporation.

Section 2.4 Notice of Meeting. Except as otherwise required by law, written, printed or electronic notice stating the place, if any, date and time of the meeting, the means of remote communications, if any, by which the stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purposes for which the meeting is called shall be prepared and delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail, or in the case of stockholders who have consented to such delivery, by electronic transmission (as such term is defined in the Delaware General Corporation Law), to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. Notice given by electronic transmission shall be effective (A) if by facsimile, when faxed to a number

where the stockholder has consented to receive notice; (B) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder has consented to receive such notice; (C) if by posting on an electronic network together with a separate notice of such posting, upon the later to occur of (1) the posting or (2) the giving of separate notice of the posting; or (D) if by other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder. Meetings may be held without notice if all stockholders entitled to vote are present (except as otherwise provided by law), or if notice is waived by those not present. Any previously scheduled meeting of the stockholders may be postponed and (unless the Corporation's Restated Certificate of Incorporation (the "Certificate of Incorporation") otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Section 2.5 Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the voting power of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series voting separately as a class or series, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum for the transaction of such business for the purposes of taking action on such business. If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date or time. No notice of an adjourned meeting need be given if the time, place, if any, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided such adjournment is for not more than thirty (30) days and further provided that no new record date is fixed for the adjourned meeting.

Section 2.6 Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or as may be permitted by law, or by his duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his representative, or otherwise delivered telephonically or electronically as set forth in the applicable proxy statement, at or before the time of the meeting.

Section 2.7 Notice of Stockholder Business and Nominations.

A. Nominations of persons for election to the Board of Directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (1) pursuant to the Corporation's notice with respect to such meeting, (2) by or at the direction of the Board of Directors or (3) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 2.7.

B. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to paragraph (A)(3) of this Section 2.7, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation,

(2) such business must be a proper matter for stockholder action under the Delaware General Corporation Law, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered prior to the meeting a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered prior to the meeting a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than forty-five (45) or more than seventy-five (75) days prior to the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if no proxy materials were mailed by the Corporation in connection with the preceding year's annual meeting, or if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (x) the 90th day prior to such annual meeting or (y) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

C. Notwithstanding anything in the second sentence of paragraph (B) of this Section 2.7 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at

least fifty-five (55) days prior to the Anniversary, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

D. Only persons nominated in accordance with the procedures set forth in this Section 2.7 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

E. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.7. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice required by paragraph (B) of this Section 2.7 shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

F. For purposes of this Section 2.7, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

G. Notwithstanding the foregoing provisions of this Section 2.7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.7. Nothing in this Section 2.7 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.8 Procedure for Election of Directors. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot, and, except as otherwise set forth in the Certificate of Incorporation with respect to the right of the holders of any series of Preferred Stock or any other series or class of stock to elect additional directors under specified circumstances, a plurality of the votes cast thereat shall elect directors.

Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by the affirmative vote of a majority of the voting power of the outstanding Voting Stock present in person or represented by proxy at the meeting and entitled to vote thereon.

Section 2.9 Inspectors of Elections. The Board of Directors by resolution may, and to the extent required by law, shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairman of the meeting may, and to the extent required by law, shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the Delaware General Corporation Law.

Section 2.10 Conduct of Meetings.

A. The President and Chief Executive Officer shall preside at all meetings of the stockholders. In the absence of the President and Chief Executive Officer, the Chairman of the Board shall preside at a meeting of the stockholders. In the absence of both the President and Chief Executive Officer and the Chairman of the Board, the Secretary shall preside at a meeting of the stockholders. In the anticipated absence of all officers designated to preside over the meetings of stockholders, the Board of Directors may designate an individual to preside over a meeting of the stockholders.

B. The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting. The chairman shall have the power to adjourn the meeting to another place, if any, date and time.

C. The Board of Directors may, to the extent not prohibited by law, adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof and (v) limitations on the time allotted to questions or comments by

participants. Unless, and to the extent, determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.11 No Consent of Stockholders in Lieu of Meeting. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by the Certificate of Incorporation or by these Bylaws, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided into three classes pursuant to the Certificate of Incorporation. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. The foregoing notwithstanding, each director shall serve until such director's successor shall have been duly elected and qualified, or until such director's prior death, resignation, retirement, disqualification or other removal. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes as it may determine at the time the classification of the Board of Directors becomes effective.

Section 3.3 Regular Meetings. The Board of Directors may, by resolution, provide the time and place for the holding of regular meetings of the Board of Directors. A notice of each regular meeting shall not be required.

Section 3.4 Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the Chief Executive Officer or a majority of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings, and the writing or transmission shall be filed with the minutes of proceedings of the Board of Directors.

Section 3.5 Action By Unanimous Consent of Directors. The Board of Directors may take action without the necessity of a meeting by unanimous consent of directors. Such consent may be in writing or given by electronic transmission, as such term is defined in the Delaware General Corporation Law.

Section 3.6 Notice. Notice of any special meeting shall be given to each director at his business or residence in writing, or by telegram, facsimile transmission, telephone communication or electronic transmission (provided, with respect to electronic transmission, that the director has consented to receive the form of transmission at the address to which it is directed). If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four (24) hours before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be transmitted at least twenty-four (24) hours before such meeting. If by telephone, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 8.1 of Article VIII hereof. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing or by electronic transmission, either before or after such meeting.

Section 3.7 Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 3.8 Quorum. A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.9 Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise provided by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires or until such director’s successor has been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

Section 3.10 Committees.

A. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no committee shall have power or authority in reference to the following matters: (1) approving, adopting or recommending to stockholders any action or matter required by law to be submitted to stockholders for approval or (2) adopting, amending or repealing any bylaw.

B. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to these Bylaws.

Section 3.11 Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE IV

OFFICERS

Section 4.1 Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from the directors. All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

Section 4.2 Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Subject to Section 4.7 of these Bylaws, each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign.

Section 4.3 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors.

Section 4.4 President and Chief Executive Officer. The President and Chief Executive Officer shall be the general manager of the Corporation, subject to the control of the Board of Directors, and as such shall, subject to Section 2.10(A) hereof, preside at all meetings of stockholders, shall have general supervision of the affairs of the Corporation, shall sign or countersign or authorize another officer to sign all certificates, contracts, and other instruments of the Corporation as authorized by the Board of Directors, shall make reports to the Board of Directors and stockholders, and shall perform all such other duties as are incident to such office or are properly required by the Board of Directors. If the Board of Directors creates the office of Chief Executive Officer as a separate office from President, the President shall be the chief operating officer of the corporation and shall be subject to the general supervision, direction, and control of the Chief Executive Officer unless the Board of Directors provides otherwise.

Section 4.5 Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors and all other notices required by law or by these Bylaws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board or the President, or by the Board of Directors, upon whose request the meeting is called as provided in these Bylaws. The Secretary shall record all the proceedings of the meetings of the Board of Directors, any committees thereof and the stockholders of the Corporation in a book to be kept for that purpose, and shall perform such other duties as may be assigned to the Secretary by the Board of Directors, the Chairman of the Board or the President. The Secretary shall have custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chairman of the Board or the President, and attest to the same.

Section 4.6 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositaries as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors the Chairman of the Board, or the President, taking proper vouchers for such disbursements. The Treasurer shall render to the Chairman of the Board, the President and the Board of Directors, whenever requested, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

Section 4.7 Removal. Any officer elected by the Board of Directors may be removed by the Board of Directors at any time, with or without cause. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or an employee plan.

Section 4.8 Vacancies. A newly created office and a vacancy in any office because of death, resignation, or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

Section 5.1 Stock Certificates and Transfers.

A. Unless the Board of Directors has determined by resolution that some or all of any or all classes or series of stock shall be uncertificated shares, the interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe. The shares of the stock of the Corporation shall be transferred on the books of the Corporation by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, and with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

B. Every holder of stock represented by certificates shall be entitled to have a certificate signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an “indemnitee”), where the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, trustee or agent or in any other capacity while serving as a director, officer, trustee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment

permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee, trustee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 6.3 hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 6.2 Right to Advancement of Expenses. The right to indemnification conferred in Section 6.1 shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any proceeding for which such right to indemnification is applicable in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise.

Section 6.3 Right of Indemnitee to Bring Suit. The rights to indemnification and to the advancement of expenses conferred in Section 6.1 and Section 6.2, respectively, shall be contract rights. If a claim under Section 6.1 or Section 6.2 is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (A) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (B) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of

conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise shall be on the Corporation.

Section 6.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation, these Amended and Restated Bylaws, or any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6.6 Amendment of Rights. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 6.7 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

Section 7.2 Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Certificate of Incorporation.

Section 7.3 Seal. The corporate seal shall have inscribed the name of the Corporation thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.4 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the Delaware General

Corporation Law, the Certificate of Incorporation or the Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.5 Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be made annually.

Section 7.6 Resignations. Any director or any officer, whether elected or appointed, may resign at any time by serving written notice of such resignation on the Chairman of the Board, the Chief Executive Officer or the Secretary, or by submitting such resignation by electronic transmission (as such term is defined in the Delaware General Corporation Law), and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer, or the Secretary or at such later date as is stated therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

Section 7.7 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board, the Chief Executive Officer, the President or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer, the President or any Vice President of the Corporation may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 7.8 Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President may from time to time appoint any attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock and other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or

cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

Section 8.1 Amendments. Subject to the provisions of the Certificate of Incorporation (including the rights of the holders of any series of Preferred Stock then outstanding), these Bylaws may be adopted, amended or repealed at any meeting of the Board of Directors by a resolution adopted by a majority of the Whole Board, provided notice of the proposed change was given in the notice of the meeting in a notice given no less than twenty-four (24) hours prior to the meeting. Subject to the provisions of the Certificate of Incorporation (including the rights of the holders of any series of Preferred Stock then outstanding), the stockholders shall also have power to adopt, amend or repeal these Bylaws, provided that notice of the proposed change was given in the notice of the meeting and provided further that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation (including the rights of the holders of any series of Preferred Stock then outstanding), the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these Bylaws.

CERTIFICATE OF SECRETARY OF

ALDEYRA THERAPEUTICS, INC.

The undersigned, [Name], hereby certifies that he or she is the duly elected and acting Secretary of Aldeyra Therapeutics, Inc., a Delaware corporation (the "Corporation"), and that the Bylaws attached hereto constitute the Bylaws of said Corporation as duly adopted by the Directors on , 2014.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his or her name this day of , 2014.

[Name],
Secretary

Exhibit 4.1

Number
SPECIMEN

Shares
SPECIMEN

ALDEYRA THERAPEUTICS, INC.

Common Stock
$0.001 Par Value Per Share

SEE REVERSE SIDE FOR RESTRICTIONS ON TRANSFER

This certifies that **SPECIMEN** is the owner of SPECIMEN (XXXXX) shares, fully paid and nonassessable, of the Common Stock of **ALDEYRA THERAPEUTICS, INC.**, a Delaware corporation, transferable only on the books of the Corporation by the holder hereof in person or by attorney upon surrender of this certificate properly endorsed.

This certificate and the shares represented hereby are subject to the laws of the State of Delaware and to the Certificate of Incorporation and the By-laws of the Corporation, in each case as from time to time amended.

IN WITNESS WHEREOF, **ALDEYRA THERAPEUTICS, INC.**, has caused this certificate to be signed by its duly authorized officers as of this day of , 20 .

President

Secretary or Treasurer

[seal]

Restrictions on Transfer

The corporation has more than one class of stock authorized to be issued. The corporation will furnish without charge to each stockholder upon written request a copy of the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class of stock (and any series thereof) authorized to be issued by the corporation as set forth in the Certificate of Incorporation of the corporation and amendments thereto filed with the Secretary of the state of Delaware.

Assignment

For value received, the undersigned hereby sells, assigns and transfers to shares of the capital stock represented by this certificate, and hereby irrevocably constitutes and appoints attorney to transfer such stock on the books of the Corporation with full power of substitution in the premises.

Dated ,

Signature of registered owner corresponding exactly to the name of such owner as written on the face of this certificate.

Witness

Exhibit 4.2

ALDEXA THERAPEUTICS, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

December 20, 2012

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Exhibit 4.2

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "Agreement") is entered into as of December 20, 2012, by Aldexa Therapeutics, Inc., a Delaware corporation formerly known as Neuron Systems, Inc. (the "Company"), and the investors listed on the Schedule of Investors attached as Exhibit A hereto (each individually, an "Investor" and collectively, the "Investors").

RECITALS

WHEREAS, certain of the Investors (the "Existing Investors") hold shares of the Company's Series A Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock") and possess registration rights, information rights, rights of first offer and other rights pursuant to an Investors' Rights Agreement, dated as of June 23, 2008, between the Company and such Existing Investors (the "Prior Agreement").

WHEREAS, the undersigned Existing Investors constitute the Holders (as defined in the Prior Agreement) of sixty-seven percent (67%) of the Registrable Securities (as defined in the Prior Agreement), and desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to them under the Prior Agreement;

WHEREAS, the Investors are purchasing shares of Series B Preferred Stock, par value $0.001 per share, of the Company (the "Series B Preferred Stock") pursuant to that certain Series B Preferred Stock Purchase Agreement, dated as of even date herewith (the "Purchase Agreement"), under which certain of the Investors' and the Company's obligations are conditioned upon the execution and delivery of this Agreement by such Investors, the Existing Investors, and the Company.

AGREEMENT

NOW, THEREFORE, the Company and the Existing Investors hereby agree that Prior Agreement shall be amended and restated in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the parties agree as follows:

SECTION 1

REGISTRATION RIGHTS; RESTRICTIONS ON TRANSFERABILITY

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" shall mean with respect to any Person, any Person which directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" shall mean the shares of common stock of the Company, par value $0.001 per share.

"Conversion Shares" shall mean the Common Stock issued or issuable upon conversion of the Shares.

"Convertible Securities" shall mean any evidence of indebtedness, shares or other securities convertible into or exchangeable for Common Stock.

"Holder" shall mean any Investor owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.14 hereof.

"Initiating Holders" shall mean the Investor or transferees of the Investor under Section 1.14 hereof who in the aggregate are Holders of not less than twenty percent (20%) of the outstanding Registrable Securities.

"Major Holder" shall mean the Investor or transferees of the Investor under Section 1.14 hereof who in the aggregate are Holders of at least Two Million (2,000,000) shares of Series B Preferred Stock (or Common Stock issued upon conversion of the Preferred Stock), subject to adjustments for stock splits, reverse stock splits, combinations or dividends and reclassifications, exchanges or substitutions.

"Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

"Person" shall mean an individual, a corporation, a partnership, a trust or unincorporated organization or any other entity or organization.

"Preferred Stock" shall mean the Series A Preferred Stock of the Company and the Series B Preferred Stock of the Company.

The terms "register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Securities" means (a) the Conversion Shares, (b) all shares of Common Stock owned by the Investors, (c) solely for the purposes of Sections 1 and 5, the shares of Common Stock issued and issuable upon conversion of the shares of Series A Preferred Stock issued and issuable pursuant to the certain Warrant issued to Square 1 Bank, dated as of April 12, 2012 (the "Bank Warrant") and the shares of Common Stock issued and issuable pursuant to the Bank Warrant at all times when Class (as defined in the Bank Warrant) is Common Stock, provided, that the holder of the shares described in this clause (c) shall not be permitted to be an Initiating Holder for the purposes of Section 1.5 and (d) any Common Stock issued (or issuable upon the conversion or exercise of any warrant, right or other security that is issued) as a dividend or other distribution with respect to, or in exchange for, or in replacement of, the

Common Stock described in clauses (a) or (b) hereof, provided that shares of Common Stock that are eligible for resale without restriction pursuant to Rule 144 under the Securities Act shall not be Registrable Securities.

"Registration Expenses" shall mean all reasonable expenses incurred by the Company in complying with Sections 1.5, 1.6 and 1.7 hereof, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company) and up to Twenty-Five Thousand Dollars ($25,000) for all reasonable fees and disbursements of one special counsel for all of the Holders who elect to include their Registrable Securities in any such registration, but shall not including Selling Expenses.

"Restated Certificate" shall mean the Amended and Restated Certificate of Incorporation of the Company.

"Restricted Securities" shall mean the securities of the Company required to bear the legend set forth in Section 1.3 hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar or successor federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Selling Expenses" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the securities registered by the Holders.

"Shares" shall mean shares of the Preferred Stock of the Company.

1.2 Restrictions. The Shares and the Conversion Shares shall not be sold, assigned, transferred or pledged except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. The Investor will cause any proposed purchaser, assignee, transferee or pledgee of the Shares and the Conversion Shares to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

1.3 Restrictive Legend. Each certificate representing (a) the Shares, (b) the Conversion Shares, and (c) any other securities issued in respect of the securities referenced in clauses (a) and (b) upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall (unless otherwise permitted by the provisions of Section 1.4 below) be stamped or otherwise imprinted with a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SHARES MAY NOT BE SOLD, TRANSFERRED OR PLEDGED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT

OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

"THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AGREEMENTS BETWEEN THE COMPANY AND THE ORIGINAL STOCKHOLDER, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY."

Each Holder consents to the Company making a notation on its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer established in this Section 1.

1.4 Notice of Proposed Transfers. The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 1. Prior to any proposed sale, assignment, transfer or pledge of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transfer, the holder thereof shall give written notice to the Company of such holder's intention to effect such transfer, sale, assignment or pledge. Each such notice shall describe the manner and circumstances of the proposed transfer, sale, assignment or pledge in sufficient detail, and shall be accompanied at such holder's expense by either (a) an unqualified written opinion of legal counsel who shall, and whose legal opinion shall be, reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transfer of the Restricted Securities may be effected without registration under the Securities Act, or (b) a "no action" letter from the Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Commission that action be taken with respect thereto, or (c) any other evidence reasonably satisfactory to counsel to the Company, whereupon the holder of such Restricted Securities shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by the holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with Rule 144, (y) in any transaction in which an Investor which is a corporation distributes Restricted Securities solely to its majority owned subsidiaries or affiliates for no consideration, or (z) in any transaction in which an Investor which is a partnership distributes Restricted Securities solely to its partners, limited partners, retired partners, members or retired members for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Section 1. Each certificate evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to Rule 144, the appropriate restrictive legends set forth in this Section 1, except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act or this Agreement.

1.5 Requested Registration.

(a) In case the Company shall receive from Initiating Holders a written request that the Company effect any registration, qualification or compliance with respect to the Registrable Securities, the Company will:

(i) promptly give written notice of the proposed registration, qualification or compliance

(ii) as soon as practicable, and in any event within ninety (90) days after receipt of such written request, use commercially reasonable efforts to file such registration, qualification or compliance (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Company within twenty (20) days after receipt of the written notice from the Company; provided, however, that the Company shall not be obligated to take any action to effect any such registration, qualification or compliance pursuant to this Section 1.5:

(A) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(B) Prior to six (6) months after the effective date of the Company's initial public offering;

(C) After the Company has effected two (2) such registrations pursuant to this subparagraph 1.5(a), each such registration has been declared or ordered effective;

(D) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a registration initiated by the Company; provided that the Company is actively employed in good faith in commercially reasonable efforts to cause such registration statement to become effective and provided further that the rights of the Initiating Holders to include Registrable Securities for registration in the Company's registration shall be governed by Section 1.6 hereof;

(E) If such registration, qualification or compliance involves securities with an aggregate gross offering price (before underwriters' discounts and expenses) of less than Five Million Dollars ($5,000,000); or

(F) If the Company shall have effected a registration pursuant to this Section 1.5 within one hundred eighty days (180) preceding the Company's receipt of the Initiating Holders' request.

Subject to the foregoing clauses (A) through (E), the Company shall file a registration statement covering the Registrable Securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders; provided, however, that if (i) in the good faith judgment of the board of directors of the Company (the "Board"), such registration would be detrimental to the Company and the Board concludes, as a result, that it is essential to defer the filing of such registration statement at such time, and (ii) the Company shall furnish to such Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board, it would be detrimental to the Company for such registration statement to be filed in the near future and that it is, therefore, in the Company's best interests to defer the filing of such registration statement, then the Company shall have the right to defer such filing for up to two (2) periods of not more than sixty (60) days each after receipt of the request of the Initiating Holders, and provided further, that the Company shall not defer its obligation in this manner more than once in any twelve (12) month period.

(b) Underwriting. In the event that a registration pursuant to Section 1.5 is for a registered public offering involving an underwriting, the Company shall so advise the Holders as part of the notice given pursuant to Section 1.5(a)(D. The right of any Holder to registration pursuant to Section 1.5 shall be conditioned upon such Holder's participation in the underwriting arrangements required by this Section 1.5 and the inclusion of such Holder's Registrable Securities in the underwriting, to the extent requested and provided herein.

The Company shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by a majority in interest of the Initiating Holders (which managing underwriter shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 1.5, if the managing underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated among all Holders thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Holders at the time of filing the registration statement. No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

If any Holder of Registrable Securities disapproves of the terms of the underwriting, such person may be excluded therefrom by written notice to the Company, the managing underwriter and the Initiating Holders. The Registrable Securities or other securities so excluded shall also be withdrawn from registration, and such Registrable Securities shall not be transferred in a public distribution prior to ninety (90) days after the date of the final prospectus used in such public offering.

1.6 Company Registration.

(a) Notice of Registration. If at any time or from time to time, the Company shall determine to register any of its securities, either for its own account or the account of a security holder or holders exercising their respective demand registration rights other than (i) a registration relating solely to employee benefit plans, or (ii) a registration relating solely to a merger, acquisition or exchange or other Rule 145 transaction, (iii) a registration relating to a convertible debt transaction, or (iv) a registration in connection with the Company's initial public offering, the Company will:

(i) promptly give to each Holder written notice thereof; and

(ii) include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests made within twenty (20) days after receipt of such written notice from the Company by any Holder, but only to the extent that such inclusion will not diminish the number of securities included by the Company or by holders of the Company's securities who have demanded such registration and further subject to the underwriter's right to limit the number of securities included in the registration as set forth in Section 1.6(b) below.

(b) Underwriting. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 1.6(a)(i). In such event, the right of any Holder to registration pursuant to Section 1.6 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and the other Holders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company (or by the Holders who have demanded such registration, as the case may be, which underwriter shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 1.6, if the managing underwriter determines in its sole discretion that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may limit the number of Registrable Securities to be included in the registration and underwriting, on a pro rata basis based on the total number of securities (including, without limitation, Registrable Securities owned by each participating Holder) entitled to be included in such registration. Notwithstanding the foregoing, in no event shall the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the Company's initial public offering, in which case, up to one hundred percent (100%) of the selling Holders' Registrable Securities may be excluded if the underwrites make the determination above and no other stockholder's securities are included in such offering. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder or other holder to the nearest one hundred (100) shares. If any Holder or other holder disapproves of the terms of any such underwriting, he or she may be excluded therefrom by written notice to the Company and the managing underwriter. Any securities excluded or

withdrawn from such underwriting shall be withdrawn from such registration, and shall not be transferred in a public distribution prior to ninety (90) days after the date of the final prospectus included in the registration statement relating thereto.

(c) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.6 prior to the effectiveness of such registration, whether or not any Holder has elected to include securities in such registration.

1.7 Registration on Form S-3.

(a) If any Holder or Holders of at least thirty-three percent (33%) of the then outstanding Registrable Securities requests that the Company file a registration statement on Form S-3 (or any successor form to Form S-3) for a public offering of shares of the Registrable Securities, the reasonably anticipated aggregate gross offering price to the public of which would exceed One Million Dollars ($1,000,000) before underwriter's discounts and expenses, and the Company is a registrant entitled to use Form S-3 to register the Registrable Securities for such an offering, the Company shall use commercially reasonable efforts to cause such Registrable Securities to be registered for the offering on such form. The Company will (i) promptly give written notice of the proposed registration to all other Holders, and (ii) as soon as practicable, but in no event later than ninety (90) days following the request, use commercially reasonable efforts to file such registration (including, without limitation, the execution of an undertaking to file post- effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Company within twenty (20) days after receipt of written notice from the Company. The substantive provisions of Section 1.5(b) shall be applicable to each registration initiated under this Section 1.7.

(b) Notwithstanding the foregoing, the Company shall not be obligated to take any action pursuant to this Section 1.7: (i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act; (ii) in a given twelve (12) month period, after the Company has effected two (2) such registrations pursuant to subparagraph 1.7(a); (iii) if the Company shall furnish to such Holders a certificate signed by the President of the Company stating that, in the good faith judgment of the Board, it would be detrimental to the Company for registration statements to be filed in the near future, in which case the Company's obligation to use commercially reasonable efforts to file a registration statement shall be deferred for up to two periods of sixty (60) days each, such sixty (60) day periods not to exceed one hundred twenty (120) days from the receipt of the request to file such registration by such Holder or Holders; or (iv) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a registration initiated by the Company;

provided that the Company is actively employed in good faith in commercially reasonable efforts to cause such registration statement to become effective and provided further that the rights of the Holders to include Registrable Securities for registration in the Company's registration shall be governed by Section 1.6 hereof. The Company shall not defer its obligation in the manner set forth in each of subsection (iii) or (iv) above, as the case may be, more than once in any twelve (12) month period.

1.8 Corporate Transaction. In the event of a Corporate Transaction, the Company shall use commercially reasonable efforts to cause the registration rights described under this Section 1 to be assumed or equivalent registration rights to be substituted by a successor corporation or a parent or subsidiary of such successor corporation in writing. "Corporate Transaction" means a sale of all or substantially all of the Company's assets or a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, entity or person or a sale of capital stock such that the stockholders immediately prior to such sale possess less than a majority of the voting power immediately after such sale; provided however, that (a) the provisions of this Section 1.8 may be waived by the holders of a majority of the then outstanding Registrable Securities and (b) the provisions of this Section 1.8 shall not apply in the event of any Corporate Transaction if all Holders are entitled to receive in exchange for their Registrable Securities consideration consisting solely of (i) cash or (ii) securities of the acquiring corporation which may be immediately sold to the public without registration under the Securities Act or for which the definitive agreement governing the Corporate Transaction provides for registration rights for such securities.

1.9 Expenses of Registration. All Registration Expenses incurred in connection with registrations pursuant to Sections 1.5, 1.6 and 1.7 shall be borne by the Company, including reasonable fees and disbursements of one counsel for the selling Holders not to exceed $25,000, provided that the Company shall not be required to pay the Registration Expenses of any registration proceeding begun pursuant to Sections 1.5 and 1.7, the request of which has been subsequently withdrawn by the Initiating Holders or because a sufficient number of Holders have withdrawn so that the minimum offering conditions set forth in Sections 1.5 or 1.7 are no longer satisfied, unless, in the case of Section 1.5, the holders of a majority of Registrable Securities agree to forfeit their right to a demand registration pursuant to Section 1.5. In such case, (i) the Holders of Registrable Securities to have been registered shall bear all such Registration Expenses pro rata on the basis of the number of shares to have been registered and (ii) the Company shall be deemed not to have effected a registration pursuant to subparagraphs 1.5(a) or 1.7(a) of this Agreement. Notwithstanding the foregoing, however, if at the time of the withdrawal, the Holders have learned of a change in the condition, business or prospects of the Company from that known to the Holders at the time of their request that is materially adverse from the perspective of a reasonable person in a Holder's position, and of which the Company had knowledge at the time of the request, then the Holders shall not be required to pay any of such Registration Expenses, all of which shall be borne by the Company. In such case, the Company shall be deemed not to have effected a registration pursuant to subparagraph 1.5(a) of this Agreement. Unless otherwise stated, all Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the Holders of the registered securities included in such registration pro rata on the basis of the number of shares so registered.

1.10 Registration Procedures. In the case of each registration, qualification or compliance effected by the Company pursuant to this Section 1, the Company will keep each Holder advised in writing as to the initiation of each registration, qualification and compliance and as to the completion thereof The Company will:

(a) Prepare and file with the Commission a registration statement with respect to the Registrable Securities and use commercially reasonable efforts to cause such registration statement to become and remain effective for at least one hundred twenty (120) days or until the distribution described in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period that the Holder refrains from selling any securities included in such registration at the request of the Company or an underwriter of the Common Stock (or any other securities) of the Company and (ii) in the case of any registration on Form S-3 which is intended to be offered on a continuous or delayed basis, such one hundred twenty (120) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold, provided that Rule 415, or any successor rule under the Securities Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Securities Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which includes (A) any prospectus required by Section 10(a)(3) of the Securities Act or (B) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (A) and (B) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") in the registration statement;

(b) Furnish to the Holders participating in such registration and to the underwriters of the securities being registered such reasonable number of copies of the registration statement and amendments and supplements thereto, preliminary prospectus, final prospectus and such other documents as such underwriters may reasonably request in order to facilitate the public offering of such securities;

(c) Cause all such Registrable Securities registered hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(d) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(e) Provide transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than effective date of such registration;

(f) Prepare and file amendments of or supplements to the registration statement or prospectus necessary to comply with the Securities Act with respect to disposition of the Registrable Securities covered by such registration statement;

(g) Use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions unless the Company is already qualified to do business or subject to service of process in that jurisdiction;

(h) Use its commercially reasonable efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1.10, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1.10, if such securities are being sold through underwriters,

(i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(i) Make generally available to its security holders, and to deliver to each Holder participating in the registration statement, an earnings statement of the Company that will satisfy the provisions of Section 11(a) of the Securities Act covering a period of 12 months beginning after the effective date of such registration statement as soon as reasonably practicable after the termination of such 12-month period;

(j) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder and other security holder participating in such underwriting shall also enter into and perform its obligations under such an agreement; and

(k) Not make any reference to Johnson & Johnson Development Corporation ("JJDC") or any of its affiliates, or to any relationship the Company has with any such parties, in a registration statement or prospectus without first consulting with JJDC regarding the language to be used in any such disclosure, provided, that JJDC promptly and reasonably responds to the Company's request to consult with JJDC.

1.11 Indemnification.

(a) The Company will indemnify each Holder, each of its officers and directors and partners, and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which registration, qualification or compliance has been effected pursuant to this Section 1, and each underwriter, if any, and each person who controls any underwriter within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the

foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities laws applicable to the Company in connection with any such registration, qualification or compliance, and the Company will reimburse each such Holder, each of its officers and directors, and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, as such expenses are incurred, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such Holder, controlling person or underwriter and stated to be specifically for use therein, and provided further, that the indemnity agreement contained in this subsection 1.11 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or expense if a settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed).

(b) Each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, and each other such Holder, each of its officers and directors and each person controlling such Holder within the meaning of Section 15 of the Securities Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and will reimburse the Company, such Holders, such directors, officers, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, as such expenses are incurred, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such Holder and stated to be specifically for use therein; provided however that in no event shall any indemnity under this Section 1.11(b) exceed the net proceeds from the offering received by such Holder unless such liability arises out of or is based upon the willful misconduct by such Holder.

(c) If the indemnification provided for in this Section 1.11 is held by a court of competent jurisdiction to be unavailable to a party entitled to indemnification under this Section 1.11 (the "Indemnified Party") with respect to any loss, liability, claim, damage or expense referred to herein, then the party required to provide indemnification (the "Indemnifying Party"), in lieu of indemnifying such Indemnified Party hereunder, instead shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(d) Each Indemnified Party shall give notice to the Indemnifying Party promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld or delayed), and the Indemnified Party may participate in such defense at such party's expense; provided, however, that an Indemnified Party (together with all other Indemnified Parties which may be represented without conflict by one counsel) shall have the right to retain its own separate counsel with the reasonable fees and expenses to be paid by the Indemnifying Party if the Indemnified Party reasonably determines with the advice of counsel that representation of such Indemnified Party would be appropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceeding. The failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 1.11 unless the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation.

1.12 Information by Holder. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders, the Registrable Securities held by them and the distribution proposed by such Holder or Holders as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Section 1.

1.13 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Restricted Securities to the public without registration, after such time as a public market exists for the Common Stock of the Company, the Company agrees to use its best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date that the Company becomes subject to the reporting requirements of the Exchange Act;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as an Investor owns any Restricted Securities, to furnish to the Investor forthwith upon written request a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public) and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company and other information in the possession of or reasonably obtainable by the Company as an Investor may reasonably request in availing itself of any rule or regulation of the Commission allowing an Investor to sell any such securities without registration.

1.14 Transfer of Registration Rights. The rights to cause the Company to register securities granted to the Investors under Sections 1.5, 1.6 and 1.7 may only be assigned to (i) a transferee or assignee who acquires at least Two Million (2,000,000) shares of an original Holder's Registrable Securities, subject to adjustment for stock splits, reverse stock splits, combinations or dividends and reclassifications, exchanges or substitutions, or (ii) an Affiliate of a Holder or a spouse, sibling, lineal descendant or ancestor, subsidiary, parent, general partner, limited partner, retired partner, member, retired member of a Holder, or an Affiliate of a Holder (without, in the case of this clause (ii), restriction as to number of Registrable Securities transferred); provided in each case that prompt written notice of such assignment is given to the Company and such assignee agrees to be bound by the provisions of this Agreement.

1.15 Market Stand-off Agreement. Each Holder agrees, severally and not jointly, in connection with the initial public offering of the Company's securities (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, pledge, hypothecate, limit such Holder's market risk regarding or otherwise directly or indirectly dispose of or agree to directly or indirectly dispose of any Registrable Securities (other than those included in the registration) or other capital stock of the Company or securities exchangeable or convertible into capital stock of the Company 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 date of the final prospectus used in such registration) as may be requested by the Company or such managing underwriters, and to enter into a lock-up agreement in customary form with such underwriters providing for restrictions approved by the Board; provided however that, if during the last 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 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 1.15 shall continue to apply until the end of the third trading day following the expiration of the 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 216 days after the effective date of the registration statement. The foregoing provisions of this Section 1.15 shall only be applicable to the Holders if all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements in connection with the offering. The certificates for the (a) Shares, (b) Conversion Shares, (c) any New Securities and (d) any other securities issued in respect of the securities referenced in clauses (a), (b) and (c) upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event shall contain, for so long as such market stand-off provision remains in place, a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER INCLUDING A MARKET STAND-OFF AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL STOCKHOLDER THAT PROHIBITS SALE OR TRANSFER OF SUCH SHARES FOR THE PERIOD THEREIN SPECIFIED FOLLOWING THE DATE OF THE FINAL PROSPECTUS FOR THE INITIAL PUBLIC OFFERING OF THE ISSUER'S COMMON STOCK. THIS AGREEMENT IS BINDING UPON TRANSFEREES. A COPY OF THE AGREEMENT IS ON FILE WITH THE SECRETARY OF THE ISSUER."

1.16 Termination of Rights. The rights of any particular Holder or permitted transferee thereof to cause the Company to register securities under Sections 1.5, 1.6 and 1.7 shall terminate on the earlier of (i) six years following the date of the Company's initial public offering or (ii) with respect to such Holder on the date when such Holder can sell all of its Registrable Securities in a single transaction pursuant to Rule 144 of the Securities Act.

SECTION 2

RIGHT OF FIRST OFFER

2.1 Right of First Offer. Subject to the terms and conditions contained in this Section 2, the Company hereby grants to each Investor holding Preferred Stock (each an "RFO Holder") the right of first offer (the "Right of First Offer") to purchase its Pro Rata Portion (as defined below) of any New Securities (as defined in Section 2.2) which the Company may, from time to time, propose to sell and issue. RFO Holder's "Pro Rata Portion" for purposes of this Section 2 is equal to (x) the number of shares of the Company's Common Stock issuable upon conversion of the then outstanding Convertible Securities held by such RFO Holder divided by (y) the sum of the total number of shares of the Company's Common Stock then outstanding, the number of shares of the Company's Common Stock issuable upon conversion of the then outstanding Convertible Securities and the number of shares of Common Stock issuable upon exercise of then outstanding Options (or conversion of Convertible Securities issuable upon exercise of then outstanding Options, as applicable).

2.2 Definition of New Securities. Except as set forth below, "New Securities" shall mean any shares of capital stock of the Company, including Common Stock and Preferred Stock, whether authorized or not, and rights, options or warrants to purchase said shares of Common Stock or Preferred Stock, and securities of any type whatsoever that are, or may become, convertible into said shares of Common Stock or Preferred Stock. Notwithstanding the foregoing, "New Securities" does not include any securities that are "Excluded Stock" as defined in the Restated Certificate.

2.3 Notice of Right. In the event the Company proposes to undertake an issuance of New Securities, it shall give each RFO Holder written notice of its intention, describing the type of New Securities and the price and terms upon which the Company proposes to issue the same. The RFO Holders shall have fifteen (15) days from the date of receipt of any such notice to agree to purchase shares of such New Securities (up to the amount referred to in Section 2.1), for the price and upon the terms specified in the notice, by giving written notice to the Company and stating therein the quantity of New Securities to be purchased. If any RFO Holders do not indicate an interest in purchasing any such RFO Holder's full Pro Rata Portion of such New Securities by the end of the 15-day period, the Company shall give notice of any remaining available New Securities (the "Overallotment Notice") to each of the other RFO Holders who has elected to purchase its full Pro Rata Portion (the "Electing Holders"). Such Overallotment Notice may be made by telephone if confirmed in writing within two (2) days. The Electing Holders shall then have a right of overallotment such that they shall have ten (10) days from the date such Overallotment Notice was given to indicate an interest to increase the number of shares of New Securities they may purchase pursuant to this Section 2, in an aggregate amount of up to the number of remaining available shares of New Securities which, if necessary, shall be apportioned pro rata on the basis of the proportion that the number of shares of Common Stock (assuming conversion of any securities convertible into Common Stock, but not including Common Stock acquired other than upon conversion of Preferred Stock or options or warrants to acquire Common Stock) then held by each such Electing Holder who elects to increase the number of shares of New Securities it proposes to purchase bears to the number of shares of Common Stock (assuming conversion of any securities convertible into Common Stock, but not including Common Stock acquired other than upon conversion of Preferred Stock or options or warrants to acquire Common Stock) then held by all such Electing Holders who elect to increase the number of shares of New Securities they propose to purchase.

2.4 Exercise of Right. If any RFO Holder exercises its Right of First Offer hereunder, the closing of the purchase of the New Securities with respect to which such right has been exercised shall take place as soon as practicable after the RFO Holder gives notice of such interest.

2.5 Lapse and Reinstatement of Right. In the event a RFO Holder fails to exercise the Right of First Offer provided in this Section 2 in the manner provided above, the Company shall have ninety (90) days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within sixty (60) days from the date of said agreement) to sell the New Securities not elected to be purchased by such RFO Holder at the price and upon the terms no more favorable to the purchasers of such securities than specified in the Company's notice. In the event the Company has not sold the New Securities or entered into an agreement to sell the New Securities within said ninety (90) day period (or sold and issued

New Securities in accordance with the foregoing within sixty (60) days from the date of said agreement), the Company shall not thereafter issue or sell any New Securities without first offering such securities to the RFO Holder in the manner provided above.

2.6 Transfer of Right of First Offer. The Right of First Offer granted under Section 2 of this Agreement may be assigned to a transferee or assignee reasonably acceptable to the Company in connection with any transfer of shares of the Company capital stock held by a RFO Holder; provided that (a) such transfer may otherwise be effected in accordance with applicable securities laws; (b) written notice of such assignment is given to the Company; (c) the transferee executes a written agreement to be bound by the terms of this Agreement. Notwithstanding the above, a RFO Holder that is a venture capital fund may assign or transfer such rights to an Affiliate venture capital fund so long as the transferee executes a written agreement to be bound by the terms of this Agreement.

2.7 Rights of Affiliated Investors. For purposes of this Section 2, Investors who are Affiliates of one or more other Investors shall, at the election of an Investor and one or more such Affiliates, be treated as a group (an "Investor Group"). Members of an Investor Group shall have the right to reallocate the rights granted by this Section 2 among themselves as they determine.

2.8 Termination of Right of First Offer. The Right of First Offer granted under this Section 2 of this Agreement shall not apply to and shall terminate immediately before the earlier to occur of (i) the Company's initial public offering or (ii) a Liquidating Transaction (as defined in the Restated Certificate).

SECTION 3

AFFIRMATIVE COVENANTS OF THE COMPANY

The Company hereby covenants and agrees as follows:

3.1 Financial Information. As soon as practicable after the end of each fiscal year, and in any event within one hundred twenty (120) days thereafter, the Company will furnish to each Holder, or transferee thereof under Section 1.14, consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of such fiscal year, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such year, prepared in accordance with generally accepted accounting principles applied on a consistent basis and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and audited by independent public accountants of national standing selected by the Company and approved by the Board. The Company will furnish to each Major Holder under Section 1.14 the following reports:

(a) As soon as practicable after the end of each quarter, and in any event within forty-five (45) days thereafter (other than the last calendar month of each fiscal year), unaudited consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of the quarter, and unaudited consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such quarter, prepared in accordance with generally accepted

accounting principles applied on a consistent basis and setting forth in each case in comparative form the figures for the same quarter one year earlier; provided that footnotes and schedule disclosure appearing in audited financial statements shall not be required, all in reasonable detail (in a form acceptable to the Major Holders) and signed by the principal financial or accounting officer of the Company;

(b) As soon as practicable after the end of each month, and in any event within forty-five (45) days thereafter (other than the last calendar month of each fiscal year), unaudited consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of the month, and unaudited consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such month, prepared in accordance with generally accepted accounting principles applied on a consistent basis and setting forth in each case in comparative form the figures for the same month one year earlier; provided that footnotes and schedule disclosure appearing in audited financial statements shall not be required, all in reasonable detail (in a form acceptable to the Major Holders) and signed by the principal financial or accounting officer of the Company;

(c) As soon as practicable, but in any event sixty (60) days prior to the beginning of each fiscal year, a comprehensive operating budget forecasting the Company's revenues, expenses and cash position on a month-to-month basis for the upcoming fiscal year, prepared on a monthly basis, and, as soon as prepared, any other updated or revised budgets for such fiscal year prepared by the Company and approved by the Board.

3.2 Inspection. The Company shall permit each Major Holder, at such Major Holder's expense, to visit and inspect the Company's properties, if any, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times during normal business hours as may be requested by the Major Holder. The rights granted pursuant to this Section 3.2 may not be assigned or otherwise conveyed to any transferee the Company reasonably deems to be a competitor of the Company.

3.3 Confidentiality. Each Holder agrees and will cause any representative of such Holder to hold in confidence and trust and not use or disclose any information provided to or learned by it in connection with its rights under this Section 3, except that such Holder may disclose such information to any partner, member, subsidiary or parent of such Holder for the purpose of evaluating its investment in the Company as long as (a) such partner, member, subsidiary or parent is advised of the confidentiality provisions of this Section 3.3 and (b) such Holder uses its commercially reasonable efforts to ensure that such partner, member, subsidiary or parent holds such information in confidence and trust and will not use or disclose any information provided to or learned by it except as required by law.

3.4 Patent, Copyright and Nondisclosure Agreements. The Company agrees to require each employee of the Company to execute a Confidential Disclosure Agreement and each consultant and advisor of the Company to execute an agreement that provides for confidential treatment of the Company's proprietary information and the assignment of inventions, substantially in a form reasonably acceptable to the Board, as a condition of employment or continued employment or engagement, as the case may be, unless otherwise approved by the Board.

3.5 Stock Vesting. Unless otherwise approved by the Board, the Company agrees that all Common Stock issued to employees, consultants, advisors, directors and officers in the future shall be subject to a repurchase option which provides that upon termination of the employment of such individual, with or without cause, the Company has the option, but not the obligation, to repurchase at cost any unvested shares held by the individual which repurchase option shall lapse twenty-five percent (25%) at the first anniversary date of the issuance of such shares and the remainder on an equal monthly basis over the three (3) year period following such first anniversary. In addition, unless otherwise approved by the Board, the Company agrees that each option to purchase Common Stock issued to employees, consultants, advisors, directors and officers in the future, including those issued pursuant to the Stock Plan, shall vest in accordance with the following schedule: twenty-five percent (25%) of the total number of shares subject to such option shall vest at the first anniversary date of the grant thereof and the remainder on an equal monthly basis over the three (3) year period following such first anniversary. Notwithstanding the above, the vesting requirements in this Section 3.5 shall not apply to Thomas A. Jordan or John E. Dowling.

3.6 Qualified Small Business. The Company covenants that so long as any of the shares of Preferred Stock, or the Common Stock into which such shares are converted, are held by a Holder (in whose hands such shares of Common Stock are eligible to qualify as "qualified small business stock" as defined in Section 1202(c) of the of the Internal Revenue Code of 1986, as amended (the "Code") ("Qualified Small Business Stock"), it will (i) comply with any applicable filing or reporting requirements imposed by the Code on issuers of Qualified Small Business Stock and (ii) execute and deliver to the Holders, from time to time, such forms, documents, schedules and other instruments as may be reasonably requested thereby to cause the Preferred Stock or the Common Stock into which such shares are converted, to qualify as Qualified Small Business Stock.

3.7 Insurance. The Company shall maintain from financially sound and reputable insurers directors' and officers' liability insurance (the "D & 0 Policy") in an amount approved by the Board, including the Series A Directors (as defined in the Restated Certificate) in their reasonable discretion. The Company shall cause to be maintained the D & 0 Policy except as otherwise decided in accordance with policies approved by the Board, including the Preferred Directors (as defined in the Restated Certificate).

3.8 Board Matters. All non-employee directors will be reimbursed for their reasonable out-of-pocket and travel expenses incurred (i) in attending Board meetings (or meetings of committees thereof), (ii) in attending other functions on behalf of the Company, or (iii) in connection with the performance of their duties as directors. All non-employee directors may be compensated for service on the Board. The Board shall meet at least quarterly, unless otherwise agreed by the majority of the members of the Board.

3.9 Selection of New CEO. Full time Chief Executive Officer ("CEO") candidates shall be interviewed by Thomas A. Jordan, John E. Dowling and the Series A Directors. Approval for hiring the CEO shall require a majority of Thomas A. Jordan, John E. Dowling and the Series A Directors; provided, however, that the Series A Directors shall have the sole authority to hire the CEO if the Company has not otherwise hired a CEO on or before October 1, 2008. All fees and expenses payable to the Search Firm in connection with the search for a CEO shall be paid by the Company.

3.10 Termination of Covenants. The covenants set forth in this Section 3 shall terminate immediately before the earlier to occur of (i) the Company's initial public offering or (ii) a Liquidating Transaction (as defined in the Restated Certificate).

SECTION 4

TRANSFERS OF SECURITIES BY INVESTORS

4.1 Notices. If any Investor proposes to sell, assign, hypothecate or otherwise transfer (a "Transfer") any securities of the Company owned by such Investor from and after the date of this Agreement, other than pursuant to the provisions of Section 4.6 of this Agreement, the Transferor shall first give each of the other Investors the right to purchase such securities by delivering to them a written offer which shall state the price and other terms and conditions of the proposed Transfer (the "Offer"). If the Transferor proposes to Transfer the securities for consideration other than solely cash and/or promissory notes, the offer to the Investors shall, to the extent of such consideration, permit each Investor to pay in lieu thereof, cash equal to the fair market value of such consideration, and the offer shall state the estimate of such fair market value as determined in good faith by the Board. The Transferor shall fix the period of the offer which shall be a minimum of twenty (20) days or such longer period as is necessary to determine the fair market value of the consideration referred to in the preceding sentence.

4.2 Acceptance of Offer. An Investor may accept an Offer ("Purchasing Investor") only by giving written notice to the Transferor within fifteen (15) days of delivery of the Offer that such Purchasing Investor has accepted the offer to purchase some or all of the securities offered (the "Accepted Securities"); provided, however, that the maximum number or amount of securities a Purchasing Investor shall be entitled to purchase shall be equal to that number or amount of securities to be transferred multiplied by a fraction, the numerator of which shall be the number of Conversion Shares held (or deemed to be held) by such Purchasing Investor and the denominator of which shall be the aggregate number of Conversion Shares held (or deemed to be held) by all Investors, excluding the Transferor's Conversion Shares. Notwithstanding the foregoing, any Purchasing Investor may, at the time it accepts the offer, subscribe to purchase any or all securities offered which may be available as a result of the rejection, or partial rejection, of the offer by other Investors, which securities shall be allocated on a pro rata basis among those Purchasing Investors subscribing to purchase them.

4.3 Allocation of Securities and Payment. Promptly following the expiration of an Offer, the Transferor shall allocate the securities subscribed for among the Purchasing Investors accepting or partially accepting the Offer, as set forth in Section 4.2, and shall by written notice (the "Acceptance Notice") advise all Purchasing Investors of the number or amount of securities allocated to each of the Purchasing Investors. Within ten (10) days following receipt of the Acceptance Notice, each of the Purchasing Investors shall deliver to the Transferor payment in full for the Accepted Shares purchased by it against delivery by the Transferor to each Purchasing Investor of a certificate or certificates evidencing the Accepted Securities purchased by it.

4.4 Failure to Exercise. To the extent an Offer pursuant to Section 4.1 is not accepted by the other Investors, the Transferor may, for a period of ninety (90) days thereafter, transfer the unaccepted securities, or any of them, upon terms no more favorable than specified in such offer, to any Person or Persons; provided that such Person or Persons agrees in writing with the Company and the Investors, prior to and as a condition precedent to such Transfer, to be bound by all of the provisions of this Agreement.

4.5 Assignment. The right of first refusal set forth in this Section 4 may not be assigned or transferred, except that each Investor shall have the right to assign its rights to purchase such securities under this Section 4 to any partner, member, retired partner or member or Affiliate of such Investor; provided such partner, member, retired partner or member or Affiliate agrees in writing with the Company and the Investors, prior to and as a condition precedent to such assignment, to be bound by all of the provisions of this Agreement.

4.6 Permitted Transfers.

(a) Notwithstanding anything to the contrary contained herein, any Investor which is a partnership or limited liability company may transfer, without first offering any securities of the Company to any other Investor, all or any of its securities to a partner, limited partner, retired partner, member or retired member of such partnership or to the estate of any such partner, limited partner, retired partner, member or retired member or transfer by will or intestate succession to his or her spouse or to the siblings, lineal descendants or ancestors of such partner, limited partner, retired partner, member or retired member or his spouse or to an Affiliate; provided such transferee agrees in writing with the Company and the Investors, prior to and as a condition precedent to such Transfer, to be bound by all of the provisions of this Agreement.

(b) Notwithstanding anything to the contrary contained herein, any Investor which is a corporation may transfer, without first offering any securities of the Company to any other Investor, all or any of its securities to any of its Affiliates, provided such Affiliate agrees in writing with the Company and the Investors, prior to and as a condition precedent to such Transfer, to be bound by all of the provisions of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, any Investor who is an individual may Transfer, without first offering any securities of the Company to any other Investor, all or any of his securities to his spouse or his or his spouse's siblings, lineal descendants or ancestors, or to any trust for any of the foregoing or any entity that is an Affiliate of such Investor; provided such transferee agrees in writing with the Company and the Investors, prior to and as a condition precedent to such Transfer, to be bound by all of the provisions of this Agreement.

4.7 Termination. The right of first refusal granted under this Section 4 shall not apply to and shall terminate immediately before the earlier to occur of (i) the Company's initial public offering or (ii) a Liquidating Transaction (as defined in the Restated Certificate).

SECTION 5

MISCELLANEOUS

5.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors, assigns, heirs, executors and administrators and permitted transferees of the parties hereto.

5.2 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

5.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware as applied to agreements entered into and performed in the State of Delaware solely by residents thereof without reference to principles of conflicts of laws or choice of laws.

5.4 Counterparts. This 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.

5.5 Notices. All notices, demands or other communications hereunder shall be in writing and shall be deemed given when delivered personally, mailed by certified mail, return receipt requested, sent by overnight courier service or telecopied, telegraphed, telexed, or sent by other electronic transmission (transmission confirmed), or otherwise actually delivered to the parties at the addresses provided to the Company (which the Company agrees to disclose to the other parties upon request) or such other address as a party may request by notifying the other in writing.

5.6 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement, and the balance of this Agreement shall be enforceable in accordance with its terms.

5.7 Amendment and Waiver. Any provision of this Agreement may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Holders of at least sixty-seven percent (67%) of the Registrable Securities, and for purposes of the final sentence of Section 3.5 and Section 3.9 only, the written consent of the holders of at least a majority of the then outstanding shares of Common Stock held by the Founders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of Registrable Securities and the Company but in no event shall any amendment or waiver adversely affect the obligations or rights of any Holder in a manner different than the other Holders, except upon the written consent of such adversely affected Holder. In addition, the Company may waive performance of any obligation owing to it, as to some or all of the Holders of Registrable Securities, or agree to accept

alternatives to such performance, without obtaining the consent of any Holder of Registrable Securities so long as such waiver or acceptance of alternative performance affects all Holders equally.

5.8 Rights of Holders. Each Holder of Registrable Securities shall have the right to exercise or refrain from exercising any right or rights that such Holder may have by reason of this Agreement, including, without limitation, the right to consent to the waiver or modification of any obligation under this Agreement, and such Holder shall not incur any liability to any other holder of any securities of the Company as a result of exercising or refraining from exercising any such right or rights.

5.9 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party to this Agreement, upon any breach or default of the other party, shall impair any such right, power or remedy of such non-breaching party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be made in writing and shall be effective only to the extent specifically set forth in such writing.

5.10 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

5.11 Headings. The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which are incorporated herein by this reference.

5.12 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, correspondence, agreements, understandings, duties or obligations among the parties with respect to the subject matter hereof.

5.13 Further Assurances. From and after the date of this Agreement, upon the request of a party, the other parties shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

5.14 Aggregation of Stock. All shares of the Preferred Stock held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.15 Additional Investors. Notwithstanding Section 5.7 above, in the event that after the date of this Agreement a sale of Preferred Stock pursuant to the Purchase Agreement is made to a person not already a party hereto, the Company shall cause such person to execute a Joinder Agreement in the form attached hereto as Exhibit B, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to an Investor and, immediately upon such person becoming a party to this Agreement, the Schedule of Investors shall be updated automatically without any action required by the parties hereto.

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IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

ALDEXA THERAPEUTICS, INC.

By: /s/ Todd Brady
Todd Brady
President

Address: 25 Burlington Mall Road,
Suite 300 Burlington, MA 01803

SIGNATURE PAGE TO ALDEXA THERAPEUTICS, INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as or the date first above written.

DOMAIN PARTNERS VI, L.P.

By: One Palmer Square Associates VII, L.L.C.
Its: General Partner

By: /s/ Kathleen Shoemaker
Kathleen Schoemaker,
Managing Member

DP VI ASSOCIATES, L.P.

By: One Palmer Square Associates VII, L.L.C.
Its: General Partner

By: /s/ Kathleen Shoemaker
Kathleen Schoemaker,
Managing Member

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

JOHNSON & JOHNSON DEVELOPMENT CORPORATION

By: /s/ Asish K. Xavier

Name: Asish K. Xavier

Title: VP, Venture Investments

SIGNATURE PAGE TO ALDEXA THERAPEUTICS, INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

EXHIBIT A

SCHEDULE OF INVESTORS

Domain Partners VI, L.P.

DP VI Associates, L.P.

Johnson & Johnson Development Corporation

EXHIBIT B

JOINDER AGREEMENT TO
ALDEXA THERAPEUTICS, INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

The undersigned hereby agrees, effective as of the date hereof, to become a party to that certain Amended and Restated Investors' Rights Agreement (the "Agreement") dated as of December 20, 2012, as may be amended from time to time, by and among Aldexa Therapeutics, Inc. (the "Company") and the other parties from time to time parties named therein, and for all purposes of the Agreement, the undersigned shall be included within the term Investor, as defined in the Agreement. The address and facsimile number to which notices shall be sent to the undersigned are as follows:

Address: _____

Facsimile Number: _____

_____
Print Name:
Date:

Exhibit 4.3

Form of Representative's Warrant Agreement

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS PURCHASE WARRANT EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS PURCHASE WARRANT AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT FOR A PERIOD OF ONE HUNDRED EIGHTY DAYS FOLLOWING THE EFFECTIVE DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) AEGIS CAPITAL CORP. OR AN UNDERWRITER OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING, OR (II) A BONA FIDE OFFICER OR PARTNER OF AEGIS CAPITAL CORP. OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER.

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [ ] [**DATE THAT IS ONE YEAR FROM THE EFFECTIVE DATE OF THE OFFERING**]. VOID AFTER 5:00 P.M., EASTERN TIME, [ ] [**DATE THAT IS FIVE YEARS FROM THE EFFECTIVE DATE OF THE OFFERING**].

COMMON STOCK PURCHASE WARRANT

For the Purchase of [ ] Shares of Common Stock
of
ALDEYRA THERAPEUTICS, INC.

1. Purchase Warrant. THIS CERTIFIES THAT, in consideration of funds duly paid by or on behalf of Aegis Capital Corp. (**"Holder"**), as registered owner of this Purchase Warrant, to Aldeyra Therapeutics, Inc., a Delaware corporation (the **"Company"**), Holder is entitled, at any time or from time to time from [ ] [**DATE THAT IS ONE YEAR FROM THE EFFECTIVE DATE OF THE OFFERING**] (the **"Commencement Date"**), and until at or before 5:00 p.m., Eastern time, [ ] [**DATE THAT IS FIVE YEARS FROM THE EFFECTIVE DATE OF THE OFFERING**] (the **"Expiration Date"**), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to [ ] shares of common stock of the Company, par value $0.001 per share (the **"Shares"**), subject to adjustment as provided in Section 6 hereof. If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Purchase Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate this Purchase Warrant. This Purchase Warrant is initially exercisable at $[ ] per Share [**125% of the price of the Company's common stock sold in the Offering**]; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Purchase Warrant, including the exercise price per Share and the number of Shares to be received upon such exercise, shall be adjusted as therein specified. The term **"Exercise Price"** shall mean the initial exercise price or the adjusted exercise price, depending on the context. The term **"Effective Date"** shall mean [ ], the date on which the Registration Statement on Form S-1 (File No. 333-193204) of the Company was declared effective by the Securities and Exchange Commission.

2. Exercise.

2.1 Exercise Form. In order to exercise this Purchase Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Purchase Warrant and payment of the Exercise Price for the Shares being purchased payable in cash by wire transfer of immediately available funds to an account designated by the Company or by certified check or official bank check. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Purchase Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Cashless Exercise. If at any time after the Commencement Date there is no effective registration statement registering, or no current prospectus available for, the resale of the Shares by the Holder, then in lieu of exercising this Purchase Warrant by payment of cash or check payable to the order of the Company pursuant to Section 2.1 above, Holder may elect to receive the number of Shares equal to the value of this Purchase Warrant (or the portion thereof being exercised), by surrender of this Purchase Warrant to the Company, together with the exercise form attached hereto, in which event the Company shall issue to Holder Shares in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

X = The number of Shares to be issued to Holder;
Y = The number of Shares for which the Purchase Warrant is being exercised;
A = The fair market value of one Share; and
B = The Exercise Price.

For purposes of this Section 2.2, the fair market value of a Share is defined as follows:

(i) if the Company's common stock is traded on a securities exchange, the value shall be deemed to be the closing price on such exchange on the date immediately prior to the date of the exercise form being submitted in connection with the exercise of the Purchase Warrant; or

(ii) if the Company's common stock is actively traded over-the-counter, the value shall be deemed to be the closing bid price on the date immediately prior to the date of the exercise form being submitted in connection with the exercise of the Purchase Warrant; if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Company's Board of Directors.

2.3 Legend. Each certificate representing Shares shall bear a legend as follows unless such securities have been registered under the Securities Act of 1933, as amended (the "**Securities Act**"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or applicable state law. Neither the securities nor any interest therein may be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Securities Act, or pursuant to an exemption from registration under the Securities Act and applicable state law which, in the opinion of counsel to the Company, is available."

3. Transfer.

3.1 General Restrictions on Transfer of Purchase Warrant. The Holder of this Purchase Warrant agrees by his, her or its acceptance hereof, that such Holder will not: (a) sell, transfer, assign, pledge or hypothecate this Purchase Warrant for a period of one hundred eighty (180) days following the Effective Date to anyone other than: (i) Aegis Capital Corp. ("**Aegis**") or an underwriter or a selected dealer participating in the offering, or (ii) a bona fide officer or partner of Aegis or of any such underwriter or selected dealer, or (b) cause this Purchase Warrant or the Shares to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Purchase Warrant or the Shares, in the case of both (a) and (b) in accordance with FINRA Rule 5110(g)(1), except as provided for in FINRA Rule 5110(g)(2). On and after 180 days after the Effective Date, transfers of this Purchase Warrant to others may be made subject to compliance with or exemptions from applicable securities laws. In order to make any permitted assignment of this Purchase Warrant, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with the Purchase Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall within five (5) business days transfer this Purchase Warrant on the books of the Company and shall execute and deliver a new Purchase Warrant or Purchase Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of Shares purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Securities Act. The Holder shall not transfer the Shares unless and until: (i) the Company has received the opinion of counsel for the Holder that the Shares may be transferred pursuant to an exemption from registration under the Securities Act and applicable state securities laws, the availability of which is established to the reasonable satisfaction of the Company (the Company hereby agreeing that the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. shall be deemed satisfactory evidence of the availability of an exemption), or (ii) a registration statement or a post-effective amendment to the Registration Statement relating to the offer and sale of the Shares has been filed by the Company and declared effective by the U.S. Securities and Exchange Commission (the "**Commission**") and compliance with applicable state securities law has been established.

4. Registration Rights.

4.1 Demand Registration.

4.1.1 Grant of Right. The Company, upon written demand (a "**Demand Notice**") of the Holder(s) of at least 51% of the Purchase Warrants and/or the underlying Shares ("**Majority Holder(s)**"), agrees to register, on one occasion, all or any portion of the Shares underlying the Purchase Warrants (collectively, the "**Registrable Securities**"). On such occasion, the Company will file a registration statement with the Commission covering the Registrable Securities within sixty (60) days after receipt of a Demand Notice and use commercially reasonable efforts to have the registration statement declared effective promptly thereafter, subject to compliance with review by the Commission; provided, however, that the Company shall not be required to comply with a Demand Notice if the Company has filed a registration statement with respect to which the Holder is entitled to piggyback registration rights pursuant to Section 4.2 hereof and either: (i) the Holder has elected to participate in the offering covered by such registration statement or (ii) if such registration statement relates to an underwritten primary offering of securities of the Company, until the offering covered by such registration statement has been withdrawn or until thirty (30) days after such offering is consummated. The demand for registration may be made at any time during a period of four (4) years beginning on the Effective Date. The Company covenants and agrees to give written notice of its receipt of any Demand Notice by any Holder(s) to all other registered Holder(s) of the Purchase Warrants and/or the Registrable Securities within ten (10) days after the date of the receipt of any such Demand Notice.

4.1.2 Terms. The Company shall bear all fees and expenses attendant to the registration of the Registrable Securities pursuant to Section 4.1.1, but the Holder(s) shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holder(s) to represent them in connection with the sale of the Registrable Securities. The Company agrees to use commercially reasonable efforts to cause the filing required herein to become effective promptly and to qualify or register the Registrable Securities in such states as are reasonably requested by the Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause: (i) the Company to be obligated to register or license to do business in such state or submit to general service of process in such state, or (ii) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the demand right granted under Section 4.1.1 to remain effective for a period of at least twelve (12) consecutive months after the date that the Holder(s) of the Registrable Securities covered by such registration statement are first given the opportunity to sell all of such securities. The Holder(s) shall only use the prospectuses provided by the Company to sell the shares covered by such registration statement, and will immediately cease to use any prospectus furnished by the Company if the Company advises the Holder that such prospectus may no longer be used due to a material misstatement or omission. Notwithstanding the provisions of this Section 4.1.2, the Holder shall be entitled to a demand registration under Section 4.1 on only one (1) occasion and such demand registration right shall terminate on the fifth anniversary of the Effective Date in accordance with FINRA Rule 5110(f)(2)(H)(iv).

4.2 "Piggy-Back" Registration.

4.2.1 Grant of Right. In addition to the demand right of registration described in Section 4.1 hereof, the Holder shall have the right to include the Registrable Securities as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Securities Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of shares of common stock which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit. Any exclusion of Registrable Securities shall be made pro rata among the Holder(s) seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holder(s); provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities.

4.2.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 4.2.1 hereof, but the Holder(s) shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holder(s) to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holder(s) of outstanding Registrable Securities with not

less than thirty (30) days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holder(s) shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice within ten (10) days of the receipt of the Company's notice of its intention to file a registration statement. Except as otherwise provided in this Purchase Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 4.2.2; provided, however, that such "piggy-back" registration rights shall terminate on the seventh anniversary of the Effective Date in accordance with FINRA Rule 5110(f)(2)(H)(v).

4.3 General Terms.

4.3.1 Indemnification. The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Securities Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, arising from such registration statement but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Underwriters under Section 5.1 of the Underwriting Agreement between Aegis (as Representative of the several Underwriters named on Schedule 1 attached thereto) and the Company, dated as of [ ], 2014 (the "**Underwriting Agreement**"). The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company its directors, its officers who signed the registration statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Securities Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holder(s), or their successors or assigns, in writing, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in Section 5.2 of the Underwriting Agreement pursuant to which the Underwriters have agreed to indemnify the Company and such persons.

4.3.2 Exercise of Purchase Warrants. Nothing contained in this Purchase Warrant shall be construed as requiring the Holder(s) to exercise their Purchase Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

4.3.3 Documents Delivered to Holder(s). The Company shall furnish to each Holder participating in any of the foregoing underwritten offerings and to each underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or underwriter, of: (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent registered public accounting firm which has issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in

accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter, if any, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of FINRA. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times as any such Holder shall reasonably request.

4.3.4 Underwriting Agreement. The Company shall enter into an underwriting agreement with the managing underwriter(s), if any, selected by any Holder(s) whose Registrable Securities are being registered pursuant to this Section 4, which managing underwriter(s) shall be reasonably satisfactory to the Company. Such agreement shall be reasonably satisfactory in form and substance to the Company, each Holder and such managing underwriter(s), and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter(s). The Holder(s) shall be parties to any underwriting agreement relating to an underwritten sale of their Registrable Securities and may, at their option, require that any or all the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holder(s). Such Holder(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holder(s), their Shares and their intended methods of distribution.

4.3.5 Documents to be Delivered by Holder(s). Each of the Holder(s) participating in any of the foregoing offerings shall furnish to the Company a completed and executed questionnaire provided by the Company requesting information customarily sought of selling security holders.

4.3.6 Damages. Should the registration or the effectiveness thereof required by Sections 4.1 and 4.2 hereof be delayed by the Company or the Company otherwise fails to comply with such provisions, the Holder(s) shall, in addition to any other legal or other relief available to the Holder(s), be entitled to obtain specific performance or other equitable (including injunctive) relief against the threatened breach of such provisions or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

5. New Purchase Warrants to be Issued.

5.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Purchase Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Purchase Warrant for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any Exercise Price and/or transfer tax if exercised pursuant to Section 2.1 hereto, the Company shall cause to be delivered to the Holder without charge a new Purchase Warrant of like tenor to this Purchase Warrant in the name of the Holder evidencing the right of the Holder to purchase the number of Shares purchasable hereunder as to which this Purchase Warrant has not been exercised or assigned.

5.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Purchase Warrant and of reasonably satisfactory indemnification or

the posting of a bond, the Company shall execute and deliver a new Purchase Warrant of like tenor and date. Any such new Purchase Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of Shares underlying the Purchase Warrant shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Share Dividends; Split Ups. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding shares of the Company's common stock is increased by a stock dividend payable in shares of the Company's common stock or by a split up of shares of the Company's common stock or other similar event, then, on the effective day thereof, the number of Shares purchasable hereunder shall be increased in proportion to such increase in outstanding shares of the Company's common stock, and the Exercise Price shall be proportionately decreased.

6.1.2 Aggregation of Shares. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding shares of the Company's common stock is decreased by a consolidation, combination or reclassification of shares of the Company's common stock or other similar event, then, on the effective date thereof, the number of Shares purchasable hereunder shall be decreased in proportion to such decrease in outstanding shares of the Company's common stock, and the Exercise Price shall be proportionately increased.

6.1.3 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of the Company's common stock other than a change covered by Section 6.1.1 or 6.1.2 hereof or that solely affects the par value of such shares, or in the case of any share reconstruction or amalgamation or consolidation of the Company with or into another corporation (other than a consolidation or share reconstruction or amalgamation in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of the Company's common stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Purchase Warrant shall have the right thereafter (until the expiration of the right of exercise of this Purchase Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, share reconstruction or amalgamation, or consolidation, or upon a dissolution following any such sale or transfer, by a Holder of the number of shares of the Company's common stock of the Company obtainable upon exercise of this Purchase Warrant immediately prior to such event; and if any reclassification also results in a change in shares of the Company's common stock covered by Section 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2 and this Section 6.1.3. The provisions of this Section 6.1.3 shall similarly apply to successive reclassifications, reorganizations, share reconstructions or amalgamations, or consolidations, sales or other transfers.

6.1.4 Changes in Form of Purchase Warrant. This form of Purchase Warrant need not be changed because of any change pursuant to this Section 6.1, and Purchase Warrants issued after such change may state the same Exercise Price and the same number of Shares as are stated in the Purchase Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Purchase Warrants reflecting a required or permissive change shall not be deemed to waive any rights to an adjustment occurring after the Commencement Date or the computation thereof.

6.2 Substitute Purchase Warrant. In case of any consolidation of the Company with, or share reconstruction or amalgamation of the Company with or into, another corporation (other than a consolidation or share reconstruction or amalgamation which does not result in any reclassification or change of the outstanding shares of the Company's common stock), the corporation formed by such consolidation or share reconstruction or amalgamation shall execute and deliver to the Holder a supplemental Purchase Warrant providing that the holder of each Purchase Warrant then outstanding or to be outstanding shall have the right thereafter (until the stated expiration of such Purchase Warrant) to receive, upon exercise of such Purchase Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or share reconstruction or amalgamation, by a holder of the number of shares of the Company's common stock for which such Purchase Warrant might have been exercised immediately prior to such consolidation, share reconstruction or amalgamation, sale or transfer. Such supplemental Purchase Warrant shall provide for adjustments which shall be identical to the adjustments provided for in this Section 6. The above provision of this Section shall similarly apply to successive consolidations or share reconstructions or amalgamations.

6.3 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of Shares upon the exercise of the Purchase Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up or down, as the case may be, to the nearest whole number of Shares or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its shares of authorized capital stock, solely for the purpose of issuance upon exercise of the Purchase Warrants, such number of Shares or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Purchase Warrants and payment of the Exercise Price therefor, in accordance with the terms hereby, all Shares and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. The Company further covenants and agrees that upon exercise of the Purchase Warrants and payment of the exercise price therefor, all Shares and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Purchase Warrants shall be outstanding, the Company shall use its commercially reasonable efforts to cause the Company's common stock to be listed (subject to official notice of issuance) on all national securities exchanges (or, if applicable, on the OTC Bulletin Board or any successor trading market) on which the shares of common stock issued to the public in the Company's initial public offering may then be listed and/or quoted.

8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holder(s) the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Purchase Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as

the case may be. Notwithstanding the foregoing, the Company shall deliver to each Holder a copy of each notice given to the other stockholders of the Company at the same time and in the same manner that such notice is given to the stockholders.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of shares of the Company's common stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, (ii) the Company shall offer to all the holders of shares of the Company's common stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or share reconstruction or amalgamation) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holder(s) of such event and change ("**Price Notice**"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Purchase Warrant shall be in writing and shall be deemed to have been duly made when hand delivered, or mailed by express mail or private courier service: (i) if to the registered Holder of the Purchase Warrant where such registered Holder is any Holder other than Aegis, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company or to Aegis, to following address or to such other address as the Company may designate by notice to the Holder(s):

If to Aegis:

Aegis Capital Corp.
810 Seventh Avenue, 18th Floor
New York, New York 10019
Attention: Mr. David Bocchi, Managing Director of Investment Banking
Fax No.: (212) 813-1047

with a copy (which shall not constitute notice) to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Chrysler Center
666 Third Avenue
New York, New York 10017
Attention: Ivan K. Blumenthal, Esq.
Fax No.: (212) 983-3115

If to the Company:

Aldeyra Therapeutics, Inc.
15 New England Executive Park
Burlington, MA 01803
Attention: Todd Brady M.D., Ph.D., Chief Executive Officer and President
Fax No.: [ ]

with a copy (which shall not constitute notice) to:

Gunderson Dettmer Stough Villeneuve
Franklin & Hachigian, LLP
850 Winter Street
Waltham, MA 02451
Attention: Keith J. Scherer, Esq.
Fax No.: (781) 622-1622

9. Miscellaneous.

9.1 Amendments. The Company and Aegis may from time to time supplement or amend this Purchase Warrant without the approval of any of the Holder(s) in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provisions herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and Aegis may deem necessary or desirable and that the Company and Aegis deem shall not adversely affect the interest of the Holder(s). All other modifications or amendments shall require the written consent of and be signed by the party against whom enforcement of the modification or amendment is sought.

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Purchase Warrant.

9.3. Entire Agreement. This Purchase Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Purchase Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.4 Binding Effect. This Purchase Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representative and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Purchase Warrant or any provisions herein contained.

9.5 Governing Law; Submission to Jurisdiction; Trial by Jury. This Purchase Warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Purchase Warrant shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or

claim. The Company and the Holder agree that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and the Holder hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.6 Waiver, etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Purchase Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Purchase Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Purchase Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Purchase Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

9.7 Execution in Counterparts. This Purchase Warrant may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Such counterparts may be delivered by facsimile transmission or other electronic transmission.

9.8 Exchange Agreement. As a condition of the Holder's receipt and acceptance of this Purchase Warrant, Holder agrees that, at any time prior to the complete exercise of this Purchase Warrant by Holder, if the Company and Aegis enter into an agreement (**"Exchange Agreement"**) pursuant to which they agree that all outstanding Purchase Warrants will be exchanged for securities or cash or a combination of both, then Holder shall agree to such exchange and become a party to the Exchange Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Company has caused this Purchase Warrant to be signed by its duly authorized officer as of the day of , 2014.

Aldeyra Therapeutics, Inc.

By: _____

Name:
Title:

[*Form to be used to exercise Purchase Warrant*]

Date: , 20

The undersigned hereby elects irrevocably to exercise the Purchase Warrant for shares of common stock, par value $0.0001 per share (the "**Shares**"), of Aldeyra Therapeutics, Inc., a Delaware corporation (the "**Company**"), and hereby makes payment of $ (at the rate of $ per Share) in payment of the Exercise Price pursuant thereto. Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been exercised.

or

The undersigned hereby elects irrevocably to convert its right to purchase Shares of the Company under the Purchase Warrant for Shares, as determined in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where,

X = The number of Shares to be issued to Holder;
Y = The number of Shares for which the Purchase Warrant is being exercised;
A = The fair market value of one Share which is equal to $; and
B = The Exercise Price which is equal to $ per share

The undersigned agrees and acknowledges that the calculation set forth above is subject to confirmation by the Company and any disagreement with respect to the calculation shall be resolved by the Company in its sole discretion.

Please issue the Shares as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of Shares for which this Purchase Warrant has not been converted.

Signature _____

Signature Guaranteed _____

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name: _____
(Print in Block Letters)

Address: _____

_____

_____

NOTICE: The signature to this form must correspond with the name as written upon the face of the Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

[*Form to be used to assign Purchase Warrant*]

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Purchase Warrant):

FOR VALUE RECEIVED, does hereby sell, assign and transfer unto the right to purchase shares of common stock, par value $0.0001 per share, of Aldeyra Therapeutics, Inc., a Delaware corporation (the "**Company**"), evidenced by the Purchase Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: , 20

Signature _____

Signature Guaranteed _____

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

Exhibit 5.1

March 17, 2014

Aldeyra Therapeutics, Inc.
15 New England Executive Park
Burlington, MA 01803

Ladies and Gentlemen:

You have requested our opinion with respect to certain matters in connection with the sale by Aldeyra Therapeutics, Inc., a Delaware corporation (the "***Company***"), of up to an aggregate of 2,300,000 shares of the Company's common stock, par value $0.001 per share (the "***Shares***") (including up to 300,000 shares that may be sold pursuant to the exercise of an over allotment option granted by the Company to the underwriters), pursuant to the Registration Statement on Form S-1 (File No. 333-193204) (the "***Registration Statement***") initially filed with the Securities and Exchange Commission (the "***Commission***") under the Securities Act of 1933, as amended (the "***Act***"), on January 6, 2014, as amended. We understand that the Shares are to be sold to the underwriters for resale to the public as described in the Registration Statement and pursuant to an underwriting agreement, substantially in the form filed as an exhibit to the Registration Statement, to be entered into by and among the Company and the underwriters (the "***Underwriting Agreement***").

In connection with this opinion, we have examined and relied upon the Registration Statement and the originals or copies certified to our satisfaction of such other documents, records, certificates, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. With your consent, we have relied upon certificates and other assurances of officers of the Company as to factual matters without having independently verified such factual matters. We have assumed the genuineness and authenticity of all documents submitted to us as originals, and the conformity to originals of all documents submitted to us as copies thereof and the due execution and delivery of all documents where due execution and delivery are a prerequisite to the effectiveness thereof.

This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as expressly stated herein with respect to the issue of the Shares. Our opinion is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. Our opinion herein is expressed solely with respect to the federal laws of the United States and the General Corporation Law of the State of Delaware (the "***DGCL***"). Our opinion is based on these laws as in effect on the date hereof, and we disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein. We are not rendering any opinion as to compliance with any federal or state antifraud law, rule or regulation relating to securities, or to the sale or issuance thereof.

Subject to the foregoing and the other matters set forth herein, it is our opinion that,when the Shares to be issued and sold by the Company are issued and paid for in accordance with the terms of the Underwriting Agreement, such Shares will be validly issued, fully paid and nonassessable.

We consent to the reference to our firm under the caption "Legal Matters" in the prospectus included in the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Sincerely,

/s/ Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP

Exhibit 10.1

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of , is made by and between Aldeyra Therapeutics Inc., a Delaware corporation (the "Company"), and , a director, officer or key employee of the Company or one of the Company's Subsidiaries, Affiliates or other service provider who satisfies the definition of Indemnifiable Person set forth below ("Indemnitee").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the "Board") have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law ("Section 145"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "Affiliate" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's

governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, deemed fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Domestic Partner. For purposes of this Agreement, "Domestic Partner" means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the Company.

(c) Change in Control. For purposes of this Agreement, "Change in Control" means (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding capital stock, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 80% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(d) Expenses. For purposes of this Agreement, "Expenses" means (i) all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness in, a Proceeding (as defined below), or establishing or enforcing a right to indemnification or any other rights, including the right to the advancement of legal fees, under this Agreement, Section 145 or otherwise, including without limitation the premium, security for, and other costs relating to any costs bond, supersedes bond, or other appeal bond or its equivalent; and (ii) any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement; provided, however, that Expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a Proceeding.

(e) Indemnifiable Event. For purposes of this Agreement, "Indemnifiable Event" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate in any capacity as an Indemnifiable Person (as defined below), or by

reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity, regardless of whether any such event or occurrence occurred before or after the effective date of this Agreement.

(f) Indemnifiable Person. For the purposes of this Agreement, "Indemnifiable Person" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company. For purposes of this agreement, the estates, heirs, legal representatives, assigns, spouses and Domestic Partners of an Indemnifiable Person shall be considered Indemnifiable Persons; however, such estates, heirs, legal representatives, assigns, spouses and Domestic Partners are entitled to Expenses and Other Liabilities arising solely out of their status as such and, in the case of a spouse or Domestic Partner, where the Proceeding seeks damages from marital community property, jointly held property or property transferred from the Insured Person to the spouse or Domestic Partner.

(g) Independent Counsel. For purposes of this Agreement, "Independent Counsel" means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(h) Other Liabilities. For purposes of this Agreement, "Other Liabilities" means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, ERISA (or other benefit plan related) excise taxes or penalties, and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(i) Proceeding. For the purposes of this Agreement, "Proceeding" means (i) any threatened, pending, or completed claim, demand, action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution; and (ii) any inquiry or investigation, whether made, instituted or conducted by the Company or any other party, including without limitation any federal, state or other governmental entity, that Indemnitee reasonably concludes might lead to the institution of any such claim, demand, action, suit or other proceeding. A "Proceeding" also means any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, "Subsidiary" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end

according to the terms of an agreement, the Company's Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent permitted by the provisions of the Company's Bylaws and the Delaware General Corporation Law ("GCL"), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the Bylaws or the GCL permitted prior to the adoption of such amendment).

(b) Company Obligations Primary. The Company hereby acknowledges that Indemnitee may have rights to indemnification for Expenses and Other Liabilities provided by a third party ("Other Indemnitor"). The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which indemnification is provided under this Agreement and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. The Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to indemnify Indemnitee for such Expenses or Other Liabilities hereunder.

(c) Obligation to Indemnify. Subject to the Company's obligation to reimburse Other Indemnitors, as set forth in Section 3(b), the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, deemed fiduciary, or in any other similar capacity, of any other corporation, partnership, limited liability company, joint venture, trust or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification, hold harmless or exoneration payments or advancement of expenses from such enterprise. Notwithstanding any other provision of this Agreement to the contrary, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (ii) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Company.

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the Company's Bylaws or the GCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Company's Certificate of Incorporation or Bylaws and the GCL. No other undertaking shall be required, and advances shall be made without regard to Indemnitee's ability to repay. The advances to be made hereunder shall be paid by the Company to Indemnitee or directly to a third party designated by Indemnitee within thirty (30) days following delivery of a written request therefor by Indemnitee to the Company. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except and only to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there is likely to be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company fails to employ counsel to assume the defense of such Proceeding, the fees and expenses of Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense. Notwithstanding anything in this agreement to the contrary, Indemnitee shall have the right to employ Indemnitee's own counsel in connection with any Proceeding, at the expense of the Company, if such counsel serves in a review, observer, advice, and counseling capacity and does not otherwise materially control or participate in the defense of such Proceeding; provided, however, that Indemnitee must choose his or her own counsel from three options provided to the Indemnitee by the Company.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in

settlement if the Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent from any settlement of any Proceeding, provided that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful (on the merits or otherwise) in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith and Other Liabilities. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such Proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful in defense of such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable or in the event that any Proceeding to which Indemnitee is a party is resolved by adverse judgment against Indemnitee, the Company shall also indemnify Indemnitee for Expenses actually and reasonably incurred in connection therewith and Other Liabilities if Indemnitee has not failed to meet the applicable standard of conduct for indemnification pursuant to the GCL.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct pursuant to the GCL shall be decided, and such election will be made from among the following:

(i) Those members of the Board who are Independent Directors even though less than a quorum;

(ii) A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

(iii) Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of independent counsel as the forum.

The selected forum shall be referred to herein as the "Reviewing Party". Notwithstanding the foregoing, following any Change in Control, the Reviewing Party shall be Independent Counsel selected in the manner provided in (iii) above.

(d) As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information. If the Reviewing Party shall not have made a determination within thirty (30) days after the receipt of all such information, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct pursuant to the GCL, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to the provisions of this Agreement, the Company's Certificate of Incorporation or Bylaws or the GCL.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any submission, hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith" or acted in "bad faith," Indemnitee shall be deemed to have acted in good faith or not acted in bad faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party or court shall presume that Indemnitee has

satisfied the applicable standard of conduct pursuant to the GCL and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person, or the Company itself, shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding:

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (1) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, the Company's Certificate of Incorporation or Bylaws, any other statute or law, as permitted under Section 145, or otherwise, (2) where the Board has consented to the initiation of such Proceeding, or (3) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act). Notwithstanding any of the foregoing, (i) Indemnitee is entitled to receive advancement of Expenses for the defense of any Proceeding referenced in subsections (i) or (ii) above; and (ii) if Indemnitee is required to make a payment in a Proceeding described in subsection (ii), and no court in any such Proceeding has found that Indemnitee personally engaged in acts or omissions outside the scope of indemnification, Indemnitee shall not be required to repay such advancement of Expenses; or

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law as determined in a final adjudication not subject to further appeal.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. In the event of a Change in Control, the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance, including directors' and officers' liability, fiduciary, and employment practices insurance, in respect of Indemnitee, for a period of six years thereafter, on terms with respect to the coverage and amounts no less favorable than those of such insurance policies in effect prior to the Change in Control. The insurance to be placed pursuant to this Section 13 shall be placed by the Company's then current insurance broker, or another nationally recognized insurance broker.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a

receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) personal service by a process server, or (iv) delivery to the recipient's address by overnight delivery (e.g., FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's General Counsel.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company, or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution.

(a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Other Indemnitors), who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

23. Integration; Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements between the parties relating to the subject matter contained in this Agreement.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

ALDEYRA THERAPEUTICS INC.

By: _____

Its: _____

INDEMNITEE:

_____

Name

Address: _____

_____

Exhibit 10.4(a)

ALDEXA THERAPEUTICS, INC.

February 19, 2014

Todd C. Brady, M.D., Ph.D.
15 New England Executive Park
Burlington, MA 01803

Dear Dr. Brady:

Pursuant to your letter agreement with Aldexa Therapeutics, Inc. (the "**Company**") dated as of November 29, 2013 (the "**Letter Agreement**"), you are entitled to certain benefits related to your Equity (as defined therein).

Per our discussion, however, and subject to your consent, the Company is proposing to modify such benefits by amending and restating Sections 4, 5(e) and 8(b) of the Letter Agreement in their entirety as follows:

4. **Equity.** If the Company is subject to a Change in Control before your service with the Company terminates, all of the then-unvested Equity held by you as of the Change in Control date will become fully vested and (if applicable) exercisable. Other than as described in this letter agreement, your existing Equity remains subject to the terms of the agreement evidencing each such award and to the plan pursuant to which such Equity was granted. Notwithstanding the foregoing, in the event acceleration of the settlement or distribution date of any Equity would result in additional taxes and penalties under Section 409A of the Code, then the vesting of such Equity shall accelerate but settlement or distribution of Equity award shares (or cash, if applicable) shall occur on the date(s) specified in the agreement governing the Equity award.

5(e). **Accelerated Vesting.** If you are subject to an Involuntary Termination prior to a Change in Control, then the vested and exercisable (if applicable) portion of any Equity held by you as of the Separation date will be determined by adding 12 months to the actual period of service that you have completed with the Company; provided, however, that in the event acceleration of the settlement or distribution date of any Equity would result in additional taxes and penalties under Section 409A of the Code, then the vesting of such Equity shall accelerate but settlement or distribution of Equity award shares (or cash, if applicable) shall occur on the date(s) specified in the agreement governing the Equity award. In addition, if you are subject to an Involuntary Termination, any then-outstanding options to purchase shares of the Company's Common Stock or share appreciation rights with respect to the Company's Common Stock shall remain outstanding and exercisable for up to 12 months following your Separation (subject to earlier expiration in the event of certain corporate transactions as described in the stock plan governing such award and in any event provided that the award shall expire no later than the expiration date set forth in the award agreement).

8(b). **Section 409A.** For purposes of Section 409A of the Code, each payment under Sections 4 and 5(b) is hereby designated as a separate payment for purposes of Treasury Regulation 1.409A-2(b)(2). If the Company determines that you are a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of your Separation, then (i) any payments under this letter agreement, to the extent that they are not exempt from Section 409A of the Code (including by operation of the next following sentence) and otherwise subject to the taxes imposed under Section 409A(a)(1) of the Code (a "**Deferred Payment**"), will commence on the first business day following the earlier of (A) the expiration of the six-month period measured from your Separation or (B) the date of your death and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence. Notwithstanding the foregoing, any amount paid under this letter agreement that either (1) satisfies the requirements of the "short-term deferral" rule set forth in Treasury Regulation 1.409A-1(b)(4) or (2) (A) qualifies as a payment made as a result of an involuntary separation from service pursuant to Treasury Regulation 1.409A-1(b)(9)(iii) and (B) does not exceed the Section 409A Limit will not constitute a Deferred Payment. The provisions of this letter agreement are intended to comply with, or be exempt from, the requirements of Section 409A of the Code so that none of the payments and benefits to be provided under this Agreement will be subject to the additional tax imposed under Section 409A of the Code, and any ambiguities herein will be interpreted to so comply or be exempt. You and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions as are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A of the Code. In no event will the Company reimburse you for any taxes that may be imposed on you as result of Section 409A of the Code. "Section 409A Limit" means the lesser of two times: (i) your annualized compensation based upon the annual rate of pay paid to you during the taxable year preceding your taxable year in which your termination of employment occurs, as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any guidance issued with respect thereto or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your employment is terminated.

This letter agreement supersedes all prior agreements or understandings (whether verbal or written) between you and the Company relating to acceleration of your Equity. Except to the extent necessary to give effect to the terms of this letter agreement, the agreements evidencing each of your Equity awards will remain in full force and effect. This letter agreement will be binding upon you and the Company, and each of your and the Company's successors and assigns, and will be construed and interpreted under the laws of the Commonwealth of Massachusetts.

Please indicate your acknowledgement of the foregoing by signing the enclosed copy of this letter agreement and returning it to the Company.

Very truly yours,

ALDEXA THERAPEUTICS, INC.

By: /s/ Gary Phillips

Name: Gary Phillips

Title: Chair, Compensation Committee

I have read and accept the terms in this letter agreement.

Signed: /s/ Todd C. Brady Dated: February 19, 2014

Signature of Todd C. Brady

Exhibit 10.5(a)

ALDEXA THERAPEUTICS, INC.

February 19, 2014

Scott L. Young
15 New England Executive Park
Burlington, MA 01803

Dear Mr. Young:

Pursuant to your letter agreement with Aldexa Therapeutics, Inc. (the "**Company**") dated as of November 27, 2013 (the "**Letter Agreement**"), you are entitled to certain benefits related to your Equity (as defined therein).

Per our discussion, however, and subject to your consent, the Company is proposing to modify such benefits by amending and restating Sections 4, 5(e) and 8(b) of the Letter Agreement in their entirety as follows:

4. **Equity.** If the Company is subject to a Change in Control before your service with the Company terminates, all of the then-unvested Equity held by you as of the Change in Control date will become fully vested and (if applicable) exercisable. Other than as described in this letter agreement, your existing Equity remains subject to the terms of the agreement evidencing each such award and to the plan pursuant to which such Equity was granted. Notwithstanding the foregoing, in the event acceleration of the settlement or distribution date of any Equity would result in additional taxes and penalties under Section 409A of the Code, then the vesting of such Equity shall accelerate but settlement or distribution of Equity award shares (or cash, if applicable) shall occur on the date(s) specified in the agreement governing the Equity award.

5(e). **Accelerated Vesting.** If you are subject to an Involuntary Termination prior to a Change in Control, then the vested and exercisable (if applicable) portion of any Equity held by you as of the Separation date will be determined by adding 12 months to the actual period of service that you have completed with the Company; provided, however, that in the event acceleration of the settlement or distribution date of any Equity would result in additional taxes and penalties under Section 409A of the Code, then the vesting of such Equity shall accelerate but settlement or distribution of Equity award shares (or cash, if applicable) shall occur on the date(s) specified in the agreement governing the Equity award. In addition, if you are subject to an Involuntary Termination, any then-outstanding options to purchase shares of the Company's Common Stock or share appreciation rights with respect to the Company's Common Stock shall remain outstanding and exercisable for up to 12 months following your Separation (subject to earlier expiration in the event of certain corporate transactions as described in the stock plan governing such award and in any event provided that the award shall expire no later than the expiration date set forth in the award agreement).

8(b). **Section 409A.** For purposes of Section 409A of the Code, each payment under Sections 4 and 5(b) is hereby designated as a separate payment for purposes of Treasury Regulation 1.409A-2(b)(2). If the Company determines that you are a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of your Separation, then (i) any payments under this letter agreement, to the extent that they are not exempt from Section 409A of the Code (including by operation of the next following sentence) and otherwise subject to the taxes imposed under Section 409A(a)(1) of the Code (a "**Deferred Payment**"), will commence on the first business day following the earlier of (A) the expiration of the six-month period measured from your Separation or (B) the date of your death and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence. Notwithstanding the foregoing, any amount paid under this letter agreement that either (1) satisfies the requirements of the "short-term deferral" rule set forth in Treasury Regulation 1.409A-1(b)(4) or (2) (A) qualifies as a payment made as a result of an involuntary separation from service pursuant to Treasury Regulation 1.409A-1(b)(9)(iii) and (B) does not exceed the Section 409A Limit will not constitute a Deferred Payment. The provisions of this letter agreement are intended to comply with, or be exempt from, the requirements of Section 409A of the Code so that none of the payments and benefits to be provided under this Agreement will be subject to the additional tax imposed under Section 409A of the Code, and any ambiguities herein will be interpreted to so comply or be exempt. You and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions as are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A of the Code. In no event will the Company reimburse you for any taxes that may be imposed on you as result of Section 409A of the Code. "Section 409A Limit" means the lesser of two times: (i) your annualized compensation based upon the annual rate of pay paid to you during the taxable year preceding your taxable year in which your termination of employment occurs, as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any guidance issued with respect thereto or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which your employment is terminated.

This letter agreement supersedes all prior agreements or understandings (whether verbal or written) between you and the Company relating to acceleration of your Equity. Except to the extent necessary to give effect to the terms of this letter agreement, the agreements evidencing each of your Equity awards will remain in full force and effect. This letter agreement will be binding upon you and the Company, and each of your and the Company's successors and assigns, and will be construed and interpreted under the laws of the Commonwealth of Massachusetts.

Please indicate your acknowledgement of the foregoing by signing the enclosed copy of this letter agreement and returning it to the Company.

Very truly yours,

ALDEXA THERAPEUTICS, INC.

By: /s/ Todd C. Brady

Name: Todd C. Brady, M.D., Ph.D.

Title: President & CEO

I have read and accept the terms in this letter agreement.

Signed: /s/ Scott L. Young Dated: February 20, 2014

Signature of Scott L. Young

Exhibit 10.8

ALDEYRA THERAPEUTICS, INC.

2013 EQUITY INCENTIVE PLAN

(AS ADOPTED ON SEPTEMBER 8, 2013)

ARTICLE 1. INTRODUCTION.

The Board adopted the Plan to become effective immediately, although no Awards may be granted prior to the Registration Date. The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Service Providers to focus on critical long-range corporate objectives, (b) encouraging the attraction and retention of Service Providers with exceptional qualifications and (c) linking Service Providers directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for Awards in the form of Options (which may constitute ISOs or NSOs), SARs, Restricted Shares, Stock Units and Performance Cash Awards.

ARTICLE 2. ADMINISTRATION.

2.1 General. The Plan may be administered by the Board or one or more Committees. Each Committee shall have the authority and be responsible for such functions as have been assigned to it.

2.2 Section 162(m). To the extent an Award is intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m), the Plan will be administered by a Committee of two or more "outside directors" within the meaning of Code Section 162(m).

2.3 Section 16. To the extent desirable to qualify transactions hereunder as exempt under Exchange Act Rule 16b-3, the transactions contemplated hereunder will be approved by the entire Board or a Committee of two or more "non-employee directors" within the meaning of Exchange Act Rule 16b-3.

2.4 Powers of Administrator. Subject to the terms of the Plan, and in the case of a Committee, subject to the specific duties delegated to the Committee, the Administrator shall have the authority to (a) select the Service Providers who are to receive Awards under the Plan, (b) determine the type, number, vesting requirements and other features and conditions of such Awards, (c) determine whether and to what extent any Performance Goals have been attained, (d) interpret the Plan and Awards granted under the Plan, (e) make, amend and rescind rules relating to the Plan and Awards granted under the Plan, including rules relating to sub-plans established for the purposes of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws, (f) impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant of any Common Shares issued pursuant to an Award, including restrictions under an insider trading policy and restrictions as to the use of a specified brokerage firm for such resales, and (g) make all other decisions relating to the operation of the Plan and Awards granted under the Plan.

2.5 Effect of Administrator's Decisions. The Administrator's decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of Awards.

2.6 Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware (except its choice-of-law provisions).

ARTICLE 3. SHARES AVAILABLE FOR GRANTS.

3.1 Basic Limitation. Common Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of Common Shares issued under the Plan shall not exceed the sum of (a) 625,000 Common Shares and (b) the additional Common Shares described in Articles 3.2 and 3.3. The number of Common Shares that are subject to Stock Awards outstanding at any time under the Plan may not exceed the number of Common Shares that then remain available for issuance under the Plan. The numerical limitations in this Article 3.1 shall be subject to adjustment pursuant to Article 9.

3.2 Annual Increase in Shares. As of the first business day of each fiscal year of the Company during the term of the Plan, commencing on the first day of the Company's 2015 fiscal year, the aggregate number of Common Shares that may be issued under the Plan shall automatically increase by a number equal to the least of (a) 4% of the total number of Common Shares outstanding on the last calendar day of the prior fiscal year, (b) subject to adjustment under Article 9, 333,333 Common Shares, or (c) a number of Common Shares determined by the Board.

3.3 Shares Returned to Reserve. To the extent that Options, SARs or Stock Units granted under this Plan are forfeited or expire for any other reason before being exercised or settled in full, the Common Shares subject to such Options, SARs or Stock Units shall again become available for issuance under the Plan. If SARs are exercised, then only the number of Common Shares (if any) actually issued to the Participant in settlement of such SARs shall reduce the number available under Article 3.1 and the balance shall again become available for issuance under the Plan. If Stock Units are settled, then only the number of Common Shares (if any) actually issued to the Participant in settlement of such Stock Units shall reduce the number available under Article 3.1 and the balance shall again become available for issuance under the Plan. If Restricted Shares or Common Shares issued upon the exercise of Options or otherwise under the Plan are reacquired by the Company pursuant to a forfeiture provision, repurchase right or for any other reason prior to the shares having become vested, then such Common Shares shall again become available for issuance under the Plan. Common Shares applied to pay the Exercise Price of Options or to satisfy tax withholding obligations related to any Award shall again become available for issuance under the Plan. To the extent that an Award is settled in cash rather than Common Shares, the cash settlement shall not reduce the number of Shares available for issuance under the Plan.

3.4 Awards Not Reducing Share Reserve in Article 3.1. Any dividend equivalents paid or credited under the Plan with respect to Stock Units shall not be applied against the number of Common Shares that may be issued under the Plan, whether or not such dividend equivalents are converted into Stock Units. In addition, Common Shares subject to Substitute

Awards granted by the Company shall not reduce the number of Common Shares that may be issued under Article 3.1, nor shall shares subject to Substitute Awards again be available for Awards under the Plan in the event of any forfeiture, expiration or cash settlement of such Substitute Awards.

3.5 Code Section 162(m) and 422 Limits. Subject to adjustment in accordance with Article 9:

(a) The aggregate number of Common Shares subject to Options and SARs that may be granted under this Plan during any fiscal year to any one Participant shall not exceed 250,000, except that the Company may grant to a new Employee in the fiscal year in which his or her Service as an Employee first commences Options and/or SARs that cover (in the aggregate) up to an additional 250,000 Common Shares;

(b) The aggregate number of Common Shares subject to Restricted Share awards and Stock Units that may be granted under this Plan during any fiscal year to any one Participant shall not exceed 250,000, except that the Company may grant to a new Employee in the fiscal year in which his or her Service as an Employee first commences Restricted Share awards and Stock Units that cover (in the aggregate) up to an additional 250,000 Common Shares;

(c) No Participant shall be paid more than $6 million in cash in any fiscal year pursuant to Performance Cash Awards granted under the Plan; and

(d) No more than 625,000 Common Shares plus the additional Common Shares described in Article 3.2 may be issued under the Plan upon the exercise of ISOs.

ARTICLE 4. ELIGIBILITY.

4.1 Incentive Stock Options. Only Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, an Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company or any of its Parents or Subsidiaries shall not be eligible for the grant of an ISO unless the additional requirements set forth in Code Section 422(c)(5) are satisfied.

4.2 Other Awards. Awards other than ISOs may only be granted to Service Providers.

ARTICLE 5. OPTIONS.

5.1 Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is intended to be an ISO or an NSO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

5.2 Number of Shares. Each Stock Option Agreement shall specify the number of Common Shares subject to the Option, which number shall adjust in accordance with Article 9.

5.3 Exercise Price. Each Stock Option Agreement shall specify the Exercise Price, which shall not be less than 100% of the Fair Market Value of a Common Share on the date of grant. The preceding sentence shall not apply to an Option that is a Substitute Award granted in a manner that would satisfy the requirements of Code Section 409A and, if applicable, Code Section 424(a).

5.4 Exercisability and Term. Each Stock Option Agreement shall specify the date or event when all or any installment of the Option is to become vested and/or exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that, except to the extent necessary to comply with applicable foreign law, the term of an Option shall in no event exceed 10 years from the date of grant. A Stock Option Agreement may provide for accelerated vesting and/or exercisability upon certain specified events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service.

5.5 Death of Optionee. After an Optionee's death, any vested and exercisable Options held by such Optionee may be exercised by his or her beneficiary or beneficiaries. Each Optionee may designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Optionee's death. If no beneficiary was designated or if no designated beneficiary survives the Optionee, then any vested and exercisable Options held by the Optionee may be exercised by his or her estate.

5.6 Modification or Assumption of Options. Within the limitations of the Plan, the Administrator may modify, reprice, extend or assume outstanding options or may accept the cancellation of outstanding options (whether granted by the Company or by another issuer) in return for the grant of new Options for the same or a different number of shares and at the same or a different exercise price or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair his or her rights or obligations under such Option.

5.7 Buyout Provisions. The Administrator may at any time (a) offer to buy out for a payment in cash or cash equivalents an Option previously granted or (b) authorize an Optionee to elect to cash out an Option previously granted, in either case at such time and based upon such terms and conditions as the Administrator shall establish.

5.8 Payment for Option Shares. The entire Exercise Price of Common Shares issued upon exercise of Options shall be payable in cash or cash equivalents at the time when such Common Shares are purchased. In addition, the Administrator may, in its sole discretion and to the extent permitted by applicable law, accept payment of all or a portion of the Exercise Price through any one or a combination of the following forms or methods:

(a) Subject to any conditions or limitations established by the Administrator, by surrendering, or attesting to the ownership of, Common Shares that are already owned by the Optionee with a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Common Shares as to which such Option will be exercised;

(b) By delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or part of the Common Shares being purchased under the Plan and to deliver all or part of the sales proceeds to the Company;

(c) Subject to such conditions and requirements as the Administrator may impose from time to time, through a net exercise procedure;

(d) By delivering a full-recourse promissory note, on such terms approved by the Administrator; or

(e) Through any other form or method consistent with applicable laws, regulations and rules.

ARTICLE 6. STOCK APPRECIATION RIGHTS.

6.1 SAR Agreement. Each grant of a SAR under the Plan shall be evidenced by a SAR Agreement between the Optionee and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

6.2 Number of Shares. Each SAR Agreement shall specify the number of Common Shares to which the SAR pertains, which number shall adjust in accordance with Article 9.

6.3 Exercise Price. Each SAR Agreement shall specify the Exercise Price, which shall in no event be less than 100% of the Fair Market Value of a Common Share on the date of grant. The preceding sentence shall not apply to a SAR that is a Substitute Award granted in a manner that would satisfy the requirements of Code Section 409A.

6.4 Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become vested and exercisable. The SAR Agreement shall also specify the term of the SAR; provided that except to the extent necessary to comply with applicable foreign law, the term of a SAR shall not exceed 10 years from the date of grant. A SAR Agreement may provide for accelerated vesting and exercisability upon certain specified events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service.

6.5 Exercise of SARs. Upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) Common Shares, (b) cash or (c) a combination of Common Shares and cash, as the Administrator shall determine. The amount of cash and/or the Fair Market Value of Common Shares received upon exercise of SARs shall, in the aggregate, not exceed the amount by which the Fair Market Value (on the date of surrender) of the Common Shares subject to the SARs exceeds the Exercise Price. If, on the date when a SAR expires, the Exercise Price is less than the Fair Market Value on such

date but any portion of such SAR has not been exercised or surrendered, then such SAR shall automatically be deemed to be exercised as of such date with respect to such portion. A SAR Agreement may also provide for an automatic exercise of the SAR on an earlier date.

6.6 Death of Optionee. After an Optionee's death, any vested and exercisable SARs held by such Optionee may be exercised by his or her beneficiary or beneficiaries. Each Optionee may designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Optionee's death. If no beneficiary was designated or if no designated beneficiary survives the Optionee, then any vested and exercisable SARs held by the Optionee at the time of his or her death may be exercised by his or her estate.

6.7 Modification or Assumption of SARs. Within the limitations of the Plan, the Administrator may modify, reprice, extend or assume outstanding SARs or may accept the cancellation of outstanding SARs (whether granted by the Company or by another issuer) in return for the grant of new SARs for the same or a different number of shares and at the same or a different exercise price or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of a SAR shall, without the consent of the Optionee, impair his or her rights or obligations under such SAR.

ARTICLE 7. RESTRICTED SHARES.

7.1 Restricted Stock Agreement. Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Stock Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Agreements entered into under the Plan need not be identical.

7.2 Payment for Awards. Restricted Shares may be sold or awarded under the Plan for such consideration as the Administrator may determine, including (without limitation) cash, cash equivalents, property, cancellation of other equity awards, full-recourse promissory notes, past services and future services, and such other methods of payment as are permitted by applicable law.

7.3 Vesting Conditions. Each Award of Restricted Shares may or may not be subject to vesting and/or other conditions as the Administrator may determine. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Agreement. Such conditions, at the Administrator's discretion, may include one or more Performance Goals. A Restricted Stock Agreement may provide for accelerated vesting upon certain specified events.

7.4 Voting and Dividend Rights. The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders, unless the Administrator otherwise provides. A Restricted Stock Agreement, however, may require that any cash dividends paid on Restricted Shares (a) be accumulated and paid when such Restricted Shares vest, or (b) be invested in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the shares

subject to the Stock Award with respect to which the dividends were paid. In addition, unless the Administrator provides otherwise, if any dividends or other distributions are paid in Common Shares, such Common Shares shall be subject to the same restrictions on transferability and forfeitability as the Restricted Shares with respect to which they were paid.

ARTICLE 8. STOCK UNITS.

8.1 Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the recipient and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical.

8.2 Payment for Awards. To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

8.3 Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting, as determined by the Administrator. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. Such conditions, at the Administrator's discretion, may include one or more Performance Goals. A Stock Unit Agreement may provide for accelerated vesting upon certain specified events.

8.4 Voting and Dividend Rights. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, Stock Units awarded under the Plan may, at the Administrator's discretion, provide for a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Common Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Common Shares, or in a combination of both. Prior to distribution, any dividend equivalents shall be subject to the same conditions and restrictions as the Stock Units to which they attach.

8.5 Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of (a) cash, (b) Common Shares or (c) any combination of both, as determined by the Administrator. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors, including Performance Goals. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Common Shares over a series of trading days. Vested Stock Units shall be settled in such manner and at such time(s) as specified in the Stock Unit Agreement. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Article 9.

8.6 Death of Recipient. Any Stock Units that become payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of Stock Units under the Plan may designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units that become payable after the recipient's death shall be distributed to the recipient's estate.

8.7 Modification or Assumption of Stock Units. Within the limitations of the Plan, the Administrator may modify or assume outstanding stock units or may accept the cancellation of outstanding stock units (whether granted by the Company or by another issuer) in return for the grant of new Stock Units for the same or a different number of shares or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of a Stock Unit shall, without the consent of the Participant, impair his or her rights or obligations under such Stock Unit.

8.8 Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

ARTICLE 9. ADJUSTMENTS; DISSOLUTIONS AND LIQUIDATIONS; CORPORATE TRANSACTIONS.

9.1 Adjustments. In the event of a subdivision of the outstanding Common Shares, a declaration of a dividend payable in Common Shares or a combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a lesser number of Common Shares, corresponding proportionate adjustments shall automatically be made in each of the following:

(a) The number and kind of shares available for issuance under Article 3, including the numerical share limits in Articles 3.1, 3.2 and 3.5;

(b) The number and kind of shares covered by each outstanding Option, SAR and Stock Unit; and

(c) The Exercise Price applicable to each outstanding Option and SAR, and the repurchase price, if any, applicable to Restricted Shares.

In the event of a declaration of an extraordinary dividend payable in a form other than Common Shares in an amount that has a material effect on the price of Common Shares, a recapitalization, a spin-off or a similar occurrence, the Administrator shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of the foregoing. Any adjustment in the number of and kind of shares subject to an Award under this Article 9.1 shall be rounded down to the nearest whole share, although the Administrator in its sole discretion may make a cash payment in lieu of a fractional share. Except as provided in this Article 9, a Participant shall have no rights by reason of any issuance by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class.

9.2 Dissolution or Liquidation. To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

9.3 Corporate Transactions. In the event that the Company is a party to a merger, consolidation, or a Change in Control (other than one described in Article 14.6(d)), all Common Shares acquired under the Plan and all Awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Administrator, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Awards (or portions thereof) in an identical manner. Unless an Award Agreement provides otherwise, the treatment specified in the transaction agreement or by the Administrator shall include (without limitation) one or more of the following with respect to each outstanding Award:

(a) The continuation of such outstanding Awards by the Company (if the Company is the surviving entity);

(b) The assumption of such outstanding Awards by the surviving entity or its parent, provided that the assumption of an Option or a SAR shall comply with applicable tax requirements;

(c) The substitution by the surviving entity or its parent of an equivalent award for outstanding Awards (including, but not limited to, an award to acquire the same consideration paid to the holders of Common Shares in the transaction), provided that the substitution of an Option or a SAR shall comply with applicable tax requirements;

(d) The cancellation of outstanding Options and SARs without payment of any consideration. The Optionees shall be able to exercise such Options and SARs (to the extent the Options and SARs are vested or become vested as of the effective date of the transaction) during a period of not less than five full business days preceding the closing date of the transaction, unless (i) a shorter period is required to permit a timely closing of the transaction and (ii) such shorter period still offers the Optionees a reasonable opportunity to exercise such Options and SARs. Any exercise of such Options and SARs during such period may be contingent on the closing of the transaction;

(e) Full exercisability of outstanding Options and SARs and full vesting of the Common Shares subject to Options and SARs, followed by cancellation of such Options and SARs. The full exercisability of such Options and SARs and full vesting of such Common Shares may be contingent on the closing of the transaction. The Optionees shall be able to exercise such Options and SARs during a period of not less than five full business days preceding the closing date of such merger or consolidation, unless (i) a shorter period is required to permit a timely closing of such merger or consolidation and (ii) such shorter period still offers the Optionees a reasonable opportunity to exercise such Options and SARs. Any exercise of such Options and SARs during such period may be contingent on the closing of such merger or consolidation;

(f) The cancellation of the Options and SARs and a payment to the Optionee with respect to each Share subject to the portion of the Award that is vested as of the transaction date equal to the excess of (A) the value, as determined by the Administrator in its absolute discretion, of the property (including cash) received by the holder of a Common Share as a result of the transaction, over (B) the per-share Exercise Price of the Option or SAR (such excess, the "**Spread**"). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Common Shares, but only to the extent the application of such provisions does not adversely affect the status of the Option or SAR as exempt from Code Section 409A. If the Spread applicable to an Option or SAR is zero or a negative number, then the Option or SAR may be cancelled without making a payment to the Optionee;

(g) The cancellation of outstanding Stock Units and a payment to the holder thereof with respect to each Common Share subject to the Stock Unit (whether or not such Stock Unit is then vested) equal to the value, as determined by the Administrator in its absolute discretion, of the property (including cash) received by the holder of a Common Share as a result of the transaction (the "**Transaction Value**"). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent having a value equal to the Transaction Value. In addition, such payment may be subject to vesting based on the Participant's continuing Service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Stock Units would have vested, and if required under applicable tax rules, such payment may be deferred until the settlement date specified in the Stock Unit Agreement. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Common Shares. In the event that a Stock Unit is subject to Code Section 409A, the payment described in this clause (g) shall be made on the settlement date specified in the applicable Stock Unit Agreement, provided that settlement may be accelerated in accordance with Treasury Regulation Section 1.409A-3(j)(4); or

(h) The assignment of any reacquisition or repurchase rights held by the Company in respect of an Award of Restricted Shares to the surviving entity or its parent, with corresponding proportionate adjustments made to the price per share to be paid upon exercise of any such reacquisition or repurchase rights.

For avoidance of doubt, the Administrator shall have the discretion, exercisable either at the time an Award is granted or at any time while the Award remains outstanding, to provide for the acceleration of vesting upon the occurrence of a Change in Control, whether or not the Award is to be assumed or replaced in the transaction, or in connection with a termination of the Participant's Service following a transaction.

Any action taken under this Article 9.3 shall either preserve an Award's status as exempt from Code Section 409A or comply with Code Section 409A.

ARTICLE 10. OTHER AWARDS.

10.1 Performance Cash Awards. A Performance Cash Award is a cash award that may be granted subject to the attainment of specified Performance Goals during a Performance Period. A Performance Cash Award may also require the completion of a specified period of continuous Service. The length of the Performance Period, the Performance Goals to be attained during the Performance Period, and the degree to which the Performance Goals have been attained shall be determined conclusively by the Administrator. Each Performance Cash Award shall be set forth in a written agreement or in a resolution duly adopted by the Administrator which shall contain provisions determined by the Administrator and not inconsistent with the Plan. The terms of various Performance Cash Awards need not be identical.

10.2 Awards Under Other Plans. The Company may grant awards under other plans or programs. Such awards may be settled in the form of Common Shares issued under this Plan. Such Common Shares shall be treated for all purposes under the Plan like Common Shares issued in settlement of Stock Units and shall, when issued, reduce the number of Common Shares available under Article 3.

ARTICLE 11. LIMITATION ON RIGHTS.

11.1 Retention Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain a Service Provider. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate the Service of any Service Provider at any time, with or without cause, subject to applicable laws, the Company's certificate of incorporation and by-laws and a written employment agreement (if any).

11.2 Stockholders' Rights. Except as set forth in Article 7.4 or 8.4 above, a Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any Common Shares covered by his or her Award prior to the time when a stock certificate for such Common Shares is issued or, if applicable, the time when he or she becomes entitled to receive such Common Shares by filing any required notice of exercise and paying any required Exercise Price. No adjustment shall be made for cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

11.3 Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Common Shares under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Common Shares pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Common Shares, to their registration, qualification or listing or to an exemption from registration, qualification or listing. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed necessary by the Company's counsel to be necessary to the lawful issuance and sale of any Common Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Common Shares as to which such requisite authority will not have been obtained.

11.4 Transferability of Awards. The Administrator may, in its sole discretion, permit transfer of an Award in a manner consistent with applicable law. Unless otherwise determined by the Administrator, Awards shall be transferable by a Participant only by (a) beneficiary designation, (b) a will or (c) the laws of descent and distribution. An ISO may only be transferred by will or by the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

11.5 Other Conditions and Restrictions on Common Shares. Any Common Shares issued under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Administrator may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Common Shares generally. In addition, Common Shares issued under the Plan shall be subject to such conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

ARTICLE 12. TAXES.

12.1 General. As a condition to an Award under the Plan, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any federal, state, local or foreign withholding tax obligations that arise in connection with any Award granted under the Plan. The Company shall not be required to issue any Common Shares or make any cash payment under the Plan until such obligations are satisfied.

12.2 Share Withholding. To the extent that applicable law subjects a Participant to tax withholding obligations, the Administrator may permit such Participant to satisfy all or part of such obligations by having the Company withhold all or a portion of any Common Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Common Shares that he or she previously acquired. Such Common Shares shall be valued at their Fair Market Value on the date when they are withheld or surrendered. Any payment of taxes by assigning Common Shares to the Company may be subject to restrictions including any restrictions required by SEC, accounting or other rules.

12.3 Section 162(m) Matters The Administrator, in its sole discretion, may determine whether an Award is intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m). The Administrator may grant Awards that are based on Performance Goals but that are not intended to qualify as performance-based compensation. With respect to any Award that is intended to qualify as performance-based compensation, the Administrator shall designate the Performance Goal(s) applicable to, and the formula for calculating the amount payable under, an Award within 90 days following commencement of the applicable Performance Period (or such earlier time as may be required under Code Section 162(m)), and in any event at a time when achievement of the applicable Performance Goal(s) remains substantially uncertain. Prior to the payment of any Award that is intended to constitute performance-based compensation, the Administrator shall certify in writing whether and the extent to which the Performance Goal(s) were achieved for such Performance Period. The Administrator shall have the right to reduce or eliminate (but not to increase) the amount payable under an Award that is intended to constitute performance-based compensation.

12.4 Section 409A Matters. Except as otherwise expressly set forth in an Award Agreement, it is intended that Awards granted under the Plan either be exempt from, or comply with, the requirements of Code Section 409A. To the extent an Award is subject to Code Section 409A (a **"409A Award**"), the terms of the Plan, the Award and any written agreement governing the Award shall be interpreted to comply with the requirements of Code Section 409A so that the Award is not subject to additional tax or interest under Code Section 409A, unless the Administrator expressly provides otherwise. A 409A Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" to an individual who is considered a "specified employee" (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant's separation from service or (ii) the Participant's death, but only to the extent such delay is necessary to prevent such payment from being subject to Code Section 409A(a)(1).

12.5 Limitation on Liability. Neither the Company nor any person serving as Administrator shall have any liability to a Participant in the event an Award held by the Participant fails to achieve its intended characterization under applicable tax law.

ARTICLE 13. FUTURE OF THE PLAN.

13.1 Term of the Plan. The Plan, as set forth herein, shall become effective on the Registration Date. The Plan shall remain in effect until the earlier of (a) the date when the Plan is terminated under Article 13.2 or (b) the 10th anniversary of the date when the Board adopted the Plan.

13.2 Amendment or Termination. The Board may, at any time and for any reason, amend or terminate the Plan. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Award previously granted under the Plan.

13.3 Stockholder Approval. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules.

ARTICLE 14. DEFINITIONS.

14.1 "**Administrator**" means the Board or any Committee administering the Plan in accordance with Article 2.

14.2 "**Affiliate**" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.

14.3 “**Award**” means any award granted under the Plan, including as an Option, a SAR, a Restricted Share, a Stock Unit or a Performance Cash Award.

14.4 “**Award Agreement**” means a Stock Option Agreement, an SAR Agreement, a Restricted Stock Agreement, a Stock Unit Agreement or such other agreement evidencing an Award granted under the Plan.

14.5 “**Board**” means the Company’s Board of Directors, as constituted from time to time.

14.6 “**Change in Control**” means:

(a) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company’s then-outstanding voting securities;

(b) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(c) The consummation of a merger or consolidation of the Company with or into any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(d) Individuals who are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board over a period of 12 months; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction. In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for a deferral of compensation and is subject to Code Section 409A, then notwithstanding anything to the contrary in the Plan or applicable Award Agreement the transaction with respect to such Award must also constitute a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

14.7 “**Code**” means the Internal Revenue Code of 1986, as amended.

14.8 "**Committee**" means a committee of one or more members of the Board, or of other individuals satisfying applicable laws, appointed by the Board to administer the Plan.

14.9 "**Common Share**" means one share of the common stock of the Company.

14.10 "**Company**" means Aldeyra Therapeutics, Inc., a Delaware corporation.

14.11 "**Consultant**" means a consultant or adviser who provides *bona fide* services to the Company, a Parent, a Subsidiary or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Securities Act of 1933, as amended.

14.12 "**Employee**" means a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.

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

14.14 "**Exercise Price**," in the case of an Option, means the amount for which one Common Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. "Exercise Price," in the case of a SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one Common Share in determining the amount payable upon exercise of such SAR.

14.15 "**Fair Market Value**" means the closing price of a Common Share on any established stock exchange or a national market system on the applicable date or, if the applicable date is not a trading day, on the last trading day prior to the applicable date, as reported in a source that the Administrator deems reliable. If Common Shares are no longer traded on an established stock exchange or a national market system, the Fair Market Value shall be determined by the Administrator in good faith on such basis as it deems appropriate. The Administrator's determination shall be conclusive and binding on all persons.

14.16 "**ISO**" means an incentive stock option described in Code Section 422(b).

14.17 "**NSO**" means a stock option not described in Code Sections 422 or 423.

14.18 "**Option**" means an ISO or NSO granted under the Plan and entitling the holder to purchase Common Shares.

14.19 "**Optionee**" means an individual or estate holding an Option or SAR.

14.20 "**Outside Director**" means a member of the Board who is not an Employee.

14.21 "**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. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

14.22 “**Participant**” means an individual or estate holding an Award.

14.23 “**Performance Cash Award**” means an award of cash granted under Article 10.1 of the Plan.

14.24 “**Performance Goal**” means a goal established by the Administrator for the applicable Performance Period based on one or more of the performance criteria set forth in **Appendix A**. Depending on the performance criteria used, a Performance Goal may be expressed in terms of overall Company performance or the performance of a business unit, division, Subsidiary, Affiliate or an individual. A Performance Goal may be measured either in absolute terms or relative to the performance of one or more comparable companies or one or more relevant indices. The Administrator may adjust the results under any performance criterion to exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results, (d) accruals for reorganization and restructuring programs, (e) extraordinary, unusual or non-recurring items, (f) exchange rate effects for non-U.S. dollar denominated net sales and operating earnings, or (g) statutory adjustments to corporate tax rates; provided, however, that if an Award is intended to qualify as “performance-based compensation” within the meaning of Code Section 162(m), such adjustment(s) shall only be made to the extent consistent with Code Section 162(m).

14.25 “**Performance Period**” means a period of time selected by the Administrator over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to a Performance Cash Award or an Award of Restricted Shares or Stock Units that vests based on the achievement of Performance Goals. Performance Periods may be of varying and overlapping duration, at the discretion of the Administrator.

14.26 “**Plan**” means this Aldeyra Therapeutics, Inc. 2013 Equity Incentive Plan, as amended from time to time.

14.27 “**Registration Date**” means the effective date of the registration statement filed by the Company with the Securities and Exchange Commission pursuant to Form S-1.

14.28 “**Restricted Share**” means a Common Share awarded under the Plan.

14.29 “**Restricted Stock Agreement**” means the agreement between the Company and the recipient of a Restricted Share that contains the terms, conditions and restrictions pertaining to such Restricted Share.

14.30 “**SAR**” means a stock appreciation right granted under the Plan.

14.31 “**SAR Agreement**” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her SAR.

14.32 “**Service**” means service as an Employee, Outside Director or Consultant.

14.33 “**Service Provider**” means any individual who is an Employee, Outside Director or Consultant.

14.34 “**Stock Award**” means any award of an Option, a SAR, a Restricted Share or a Stock Unit under the Plan.

14.35 “**Stock Option Agreement**” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

14.36 “**Stock Unit**” means a bookkeeping entry representing the equivalent of one Common Share, as awarded under the Plan.

14.37 “**Stock Unit Agreement**” means the agreement between the Company and the recipient of a Stock Unit that contains the terms, conditions and restrictions pertaining to such Stock Unit.

14.38 “**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. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date

14.39 “**Substitute Awards**” means Awards or Common Shares issued by the Company in assumption of, or substitution or exchange for, Awards previously granted, or the right or obligation to make future awards, in each case by a corporation acquired by the Company or any Affiliate or with which the Company or any Affiliate combines to the extent permitted by NASDAQ Marketplace Rule 5635 or any successor thereto.

APPENDIX A

PERFORMANCE CRITERIA

The Administrator may establish Performance Goals derived from one or more of the following criteria when it makes Awards of Restricted Shares or Stock Units that vest entirely or in part on the basis of performance or when it makes Performance Cash Awards:

- Earnings (before or after taxes)
- Earnings per share
- Earnings before interest, taxes and depreciation
- Earnings before interest, taxes, depreciation and amortization
- Total stockholder return
- Return on equity or average stockholders' equity
- Return on assets, investment or capital employed
- Operating income
- Gross margin
- Operating margin
- Net operating income
- Net operating income after tax
- Return on operating revenue
- Objective corporate or individual strategic goals
- Sales or revenue (using a measure thereof that complies with Section 162(m))
- Expense or cost reduction
- Working capital
- Economic value added (or an equivalent metric)
- Market share
- Cash measures including cash flow and cash balance
- Operating cash flow
- Cash flow per share
- Share price
- Debt reduction
- Customer satisfaction
- Stockholders' equity
- Contract awards or backlog
- Objective individual performance goals
- To the extent that an Award is not intended to comply with Code Section 162(m), other measures of performance selected by the Administrator

ALDEYRA THERAPEUTICS, INC.
2013 EQUITY INCENTIVE PLAN
NOTICE OF STOCK OPTION GRANT

You have been granted the following option to purchase shares of the common stock of Aldeyra Therapeutics, Inc. (the "Company"):

Name of Optionee:	«Name»
Total Number of Shares:	«TotalShares»
Type of Option:	«ISO» Incentive Stock Option
	«NSO» Nonstatutory Stock Option
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Vesting Commencement Date:	«VestDay»
Vesting Schedule:	This option vests and becomes exercisable with respect to the first «CliffPercent»% of the shares subject to this option when you complete «CliffPeriod» months of continuous "Service" (as defined in the Plan) from the Vesting Commencement Date. Thereafter, this option vests and becomes exercisable with respect to an additional «Percent»% of the shares subject to this option when you complete each additional «IncrementPeriod» month of continuous Service.
Expiration Date:	«ExpDate». This option expires earlier if your Service terminates earlier, as described in the Stock Option Agreement, and may terminate earlier in connection with certain corporate transactions as described in Article 9 of the Plan.

You and the Company agree that this option is granted under and governed by the terms and conditions of the Company's 2013 Equity Incentive Plan (the "Plan") and the Stock Option Agreement, both of which are attached to, and made a part of, this document.

You further agree to accept by email all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by email.

You further agree to comply with the Company's *Securities Trading Policy* when selling shares of the Company's common stock.

OPTIONEE

_____

ALDEYRA THERAPEUTICS, INC.

By: _____

Title: _____

ALDEYRA THERAPEUTICS, INC.
2013 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Grant of Option	Subject to all of the terms and conditions set forth in the Notice of Stock Option Grant, this Stock Option Agreement (the "Agreement") and the Plan, the Company has granted you an option to purchase up to the total number of shares specified in the Notice of Stock Option Grant at the exercise price indicated in the Notice of Stock Option Grant. All capitalized terms used in this Agreement shall have the meanings assigned to them in this Agreement, the Notice of Stock Option Grant or the Plan. For all purposes applicable to this option, "Service" means your continuous service as an Employee or Consultant.
Tax Treatment	This option is intended to be an incentive stock option under Section 422 of the Code or a nonstatutory stock option, as provided in the Notice of Stock Option Grant. However, even if this option is designated as an incentive stock option in the Notice of Stock Option Grant, it shall be deemed to be a nonstatutory stock option to the extent it does not qualify as an incentive stock option under federal tax law, including under the $100,000 annual limitation under Section 422(d) of the Code.
Vesting	This option vests and becomes exercisable in accordance with the vesting schedule set forth in the Notice of Stock Option Grant. In no event will this option vest or become exercisable for additional shares after your Service has terminated for any reason.
Term	This option expires in any event at the close of business at Company headquarters on the day before the 10th anniversary of the Date of Grant, as shown in the Notice of Stock Option Grant. (This option will expire earlier if your Service terminates, as described below, and this option may be terminated earlier as provided in Article 9 of the Plan.)
Termination of Service	If your Service terminates for any reason, this option will expire immediately to the extent the option is unvested as of your termination date and does not vest as a result of your termination of Service. The Company determines when your Service terminates for all purposes of this option.
Regular Termination	If your Service terminates for any reason except death or total and permanent disability, then this option, to the extent vested as of your termination date, will expire at the close of business at Company headquarters on the date three months after your termination date.

Death	If you die before your Service terminates, then this option will expire at the close of business at Company headquarters on the date 12 months after the date of death.
Disability	If your Service terminates because of your total and permanent disability, then this option will expire at the close of business at Company headquarters on the date 12 months after your termination date. For all purposes under this Agreement, "total and permanent disability" means that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.
Leaves of Absence and Part-Time Work	For purposes of this option, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by applicable law, the Company's leave of absence policy, or the terms of your leave. However, your Service terminates when the approved leave ends, unless you immediately return to active work. If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Option Grant may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, the Company may adjust the vesting schedule so that the rate of vesting is commensurate with your reduced work schedule.
Notice Concerning Incentive Stock Option Treatment	Even if this option is designated as an incentive stock option in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an incentive stock option to the extent that it is exercised: (a) more than three months after the date when you cease to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code), (b) more than 12 months after the date when you cease to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code) or (c) more than three months after the date when you have been on a leave of absence for three months, unless your reemployment rights following such leave were guaranteed by statute or by contract.
Restrictions on Exercise	The Company will not permit you to exercise this option if the issuance of shares at that time would violate any law or regulation.

Notice of Exercise

When you wish to exercise this option, you must notify the Company by filing the proper "Notice of Exercise" form at the address given on the form or, if the Company has designated a brokerage firm to administer the Plan, you must notify such brokerage firm in the manner such brokerage firm requires. Your notice must specify how many shares you wish to purchase. The notice will be effective when the Company receives it.

However, if you wish to exercise this option by executing a same-day sale (as described below), you must follow the instructions of the Company and the broker who will execute the sale.
If someone else wants to exercise this option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

You may only exercise your option for whole shares.

Form of Payment

When you submit your notice of exercise, you must include payment of the option exercise price for the shares that you are purchasing. To the extent permitted by applicable law, payment may be made in one (or a combination of two or more) of the following forms:

- By delivering to the Company your personal check, a cashier's check or a money order, or arranging for a wire transfer.
- By delivering to the Company certificates for shares of Company stock that you own, 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 option exercise price. Instead of surrendering shares of Company stock, you 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 you.
- By giving to a securities broker approved by the Company irrevocable directions to sell all or part of your option shares and to deliver to the Company, from the sale proceeds, an amount sufficient to pay the option exercise price and any withholding taxes. (The balance of the sale proceeds, if any, will be delivered to you.) The directions must be given in accordance with the instructions of the Company and the broker. This exercise method is sometimes called a "same-day sale."

Withholding Taxes

You will not be allowed to exercise this option unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the option exercise. These arrangements include payment in cash. With the Company's consent, these arrangements may also include (a) payment from the proceeds of the sale of shares through a Company-approved broker,
(b) withholding shares of

	Company stock that otherwise would be issued to you when you exercise this option with a fair market value no greater than the minimum amount required to be withheld by law, (c) surrendering shares that you previously acquired with a fair market value no greater than the minimum amount required to be withheld by law, or (d) withholding cash from other compensation. The fair market value of withheld or surrendered shares, determined as of the date when taxes otherwise would have been withheld in cash, will be applied to the withholding taxes.
Restrictions on Resale	You agree not to sell any option shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
Transfer of Option	Prior to your death, only you may exercise this option. You cannot transfer or assign this option. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid. You may, however, dispose of this option in your will or by means of a written beneficiary designation; provided, however, that your beneficiary or a representative of your estate acknowledges and agrees in writing in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary of the estate were you. Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your former spouse’s interest in your option in any other way.
Retention Rights	Your option or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary, or an Affiliate in any capacity. The Company and its Parents, Subsidiaries, and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Stockholder Rights	You, or your estate or heirs, have no rights as a stockholder of the Company until you have exercised this option by giving the required notice to the Company, paying the exercise price, and satisfying any applicable withholding taxes. No adjustments are made for dividends or other rights if the applicable record date occurs before you exercise this option, except as described in the Plan.
Recoupment Policy	This option, and the shares acquired upon exercise of this option, shall be subject to any Company recoupment policy in effect from time to time.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of shares covered by this option and the exercise price per share will be adjusted pursuant to the Plan.

Effect of Significant Corporate Transactions	If the Company is a party to a merger, consolidation, or certain change in control transactions, then this option will be subject to the applicable provisions of Article 9 of the Plan.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to its choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. This Plan, this Agreement and the Notice of Stock Option Grant constitute the entire understanding between you and the Company regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement between the parties.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

Exhibit 10.8(b)

ALDEYRA THERAPEUTICS, INC.
2013 EQUITY INCENTIVE PLAN
NOTICE OF STOCK UNIT AWARD

You have been granted stock units representing shares of common stock of Aldeyra Therapeutics, Inc. (the "Company") on the following terms:

Name of Recipient:	«Name»
Total Number of Stock Units Granted:	«TotalUnits»
Date of Grant:	«DateGrant»
Vesting Commencement Date:	«VestDay»
Vesting Schedule:	The first «CliffPercent»% of the stock units subject to this award will vest when you complete «CliffPeriod» months of continuous "Service" (as defined in the Plan) after the Vesting Commencement Date. Thereafter, an additional «IncrementPercent»% of the stock units subject to this award will vest when you complete each additional «IncrementPeriod»-month period of continuous Service.

You and the Company agree that these stock units are granted under and governed by the terms and conditions of the Company's 2013 Equity Incentive Plan (the "Plan") and the Stock Unit Agreement, both of which are attached to, and made a part of, this document.

You further agree to accept by email all documents relating to the Plan or this award (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by email.

You further agree to comply with the Company's *Securities Trading Policy* when selling shares of the Company's common stock.

RECIPIENT

ALDEYRATHERAPEUTICS, INC.

By:

Title:

ALDEYRA THERAPEUTICS, INC.
2013 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Grant of Units	Subject to all of the terms and conditions set forth in the Notice of Stock Unit Award, this Stock Unit Agreement (the "Agreement") and the Plan, the Company has granted to you the number of stock units set forth in the Notice of Stock Unit Award. All capitalized terms used in this Agreement shall have the meanings assigned to them in this Agreement, the Notice of Stock Unit Award or the Plan. For all purposes applicable to your stock units, "Service" means your continuous service as an Employee or Consultant.
Payment for Units	No payment is required for the stock units that you are receiving.
Vesting	The stock units vest in accordance with the vesting schedule set forth in the Notice of Stock Unit Award. No additional stock units will vest after your Service has terminated for any reason.
Forfeiture	If your Service terminates for any reason, then your stock units will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination of your Service. This means that any stock units that have not vested under this Agreement will be cancelled immediately. You receive no payment for stock units that are forfeited. The Company determines when your Service terminates for all purposes of your stock units.
Leaves of Absence and Part-Time Work	For purposes of this award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by applicable law, the Company's leave of absence policy, or the terms of your leave. However, your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Unit Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, the Company may adjust the vesting schedule so that the rate of vesting is commensurate with your reduced work schedule.

Settlement of Units

Each stock unit will be settled on the first Permissible Trading Day that occurs on or after the day when the stock unit vests. However, each stock unit must be settled not later than March 15th of the calendar year following the calendar year in which the stock unit vests.

At the time of settlement, you will receive one share of the Company's common stock for each vested stock unit. But the Company, at its sole discretion, may substitute an equivalent amount of cash if the distribution of stock is not reasonably practicable due to the requirements of applicable law. The amount of cash will be determined on the basis of the market value of the Company's common stock at the time of settlement.

No fractional shares will be issued upon settlement.

"Permissible Trading Day"

"Permissible Trading Day" means a day that satisfies each of the following requirements:

- The Nasdaq Capital Market is open for trading on that day;
- You are permitted to sell shares of the Company's common stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act of 1934, as amended;
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's common stock on that day under Rule 10b-5 of the Securities and Exchange Commission or (b) Rule 10b5-1 of the Securities and Exchange Commission is applicable;
- Under the Company's *Securities Trading Policy*, you are permitted to sell shares of the Company's common stock on that day; and
- You are not prohibited from selling shares of the Company's common stock on that day by a written agreement between you and the Company or a third party.

Section 409A	This paragraph applies only if the Company determines that you are a "specified employee," as defined in the regulations under Code Section 409A at the time of your "separation from service," as defined in Treasury Regulation Section 1.409A-1(h) and it is determined that settlement of these stock units is not exempt from Code Section 409A. If this paragraph applies, and the event triggering settlement is your "separation from service," then any stock units that otherwise would have been settled during the first six months following your "separation from service" will instead be settled on the first business day following the earlier of (i) the six-month anniversary of your separation from service or (ii) your death. Each installment of stock units that vests is hereby designated as a separate payment for purposes of Code Section 409A.
Nature of Units	Your stock units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue shares of common stock (or distribute cash) on a future date. As a holder of stock units, you have no rights other than the rights of a general creditor of the Company.
No Voting Rights or Dividends	Your stock units carry neither voting rights nor rights to cash dividends. You have no rights as a stockholder of the Company unless and until your stock units are settled by issuing shares of the Company's common stock.
Units Nontransferable	You may not sell, transfer, assign, pledge or otherwise dispose of any stock units. For instance, you may not use your stock units as security for a loan.
Beneficiary Designation	You may dispose of your stock units in a written beneficiary designation. A beneficiary designation must be filed with the Company on the proper form. It will be recognized only if it has been received at the Company's headquarters before your death. If you file no beneficiary designation or if none of your designated beneficiaries survives you, then your estate will receive any vested stock units that you hold at the time of your death.

Withholding Taxes	No stock certificates (or their electronic equivalent) or cash will be distributed to you unless you have made arrangements satisfactory to the Company for the payment of any withholding taxes that are due as a result of the vesting or settlement of stock units. You may satisfy these withholding obligations by paying cash to the Company. At the discretion of the Company, these arrangements may also include (a) payment from the proceeds of the sale of shares through a Company-approved broker, (b) withholding shares of Company stock that otherwise would be issued to you when the stock units are settled with a fair market value no greater than the minimum amount required to be withheld by law, (c) surrendering shares that you previously acquired with a fair market value no greater than the minimum amount required to be withheld by law, or (d) withholding cash from other compensation. The fair market value of withheld or surrendered shares, determined as of the date when taxes otherwise would have been withheld in cash, will be applied to the withholding taxes. To the extent you fail to make satisfactory arrangements for the payment of any required withholding taxes, you will permanently forfeit the applicable stock units.
Restrictions on Resale	You agree not to sell any shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
Retention Rights	Your award or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary, or an Affiliate in any capacity. The Company and its Parents, Subsidiaries, and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of your stock units will be adjusted accordingly, as the Company may determine pursuant to the Plan.
Effect of Significant Corporate Transactions	If the Company is a party to a merger, consolidation, or certain change in control transactions, then your stock units will be subject to the applicable provisions of Article 9 of the Plan, provided that any action taken must either (a) preserve the exemption of your stock units from Code Section 409A or (b) comply with Code Section 409A.
Recoupment Policy	This award, and the shares acquired upon settlement of this award, shall be subject to any Company recoupment or clawback policy in effect from time to time.

Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to its choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. The Plan, this Agreement and the Notice of Stock Unit Award constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement between the parties.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Aldeyra Therapeutics, Inc.
Burlington, Massachusetts

We hereby consent to the use in the Prospectus constituting a part of this Amendment No. 2 to the Registration Statement on Form S-1 of our report dated March 17, 2014 , relating to the financial statements of Aldeyra Therapeutics, Inc. (formerly known as Aldexa Therapeutics, Inc.), which is contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, LLP
Boston, Massachusetts
March 17, 2014