

ALDEXA THERAPEUTICS, INC.

FORM S-1/A (Securities Registration Statement)

Filed 01/27/14

Address	15 NEW ENGLAND EXECUTIVE PARK BURLINGTON, MA 01803
Telephone	617-513-9882
CIK	0001341235
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	12/31

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

Amendment No. 1

to

**FORM S-1
REGISTRATION STATEMENT**

*Under
THE SECURITIES ACT OF 1933*

ALDEXA THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

2834
(Primary Standard Industrial
Classification Code Number)

20-1968197
(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
Aldexa 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
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**Scott L. Young
Chief Operating Officer
15 New England Executive Park
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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)

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.

Explanatory Note

This Amendment No. 1 is being filed for the purpose of amending Exhibit 10.10, and filing Exhibits 4.1, 10.5, and 10.8. No changes or additions are being made hereby to the Prospectus constituting Part I of the Registration Statement (not included herein) or to Part II of the Registration Statement other than with respect to Items 13 and 16 of Part II.

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	\$ 2,680
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	63,570
Total	<u>\$1,150,000</u>

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 1,274,082 shares of our common stock at an exercise price of \$0.27 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 750,137 shares of our common stock at an exercise price of \$0.27 per share, (b) in 2012, we granted stock options to purchase 344,350 shares of our common stock at an exercise price of \$0.27 per share, (c) in 2013, we granted stock options to purchase an aggregate of 5,358,833 shares of our common stock at an exercise price of \$0.046 per share and (d) in 2013 we granted stock options to purchase an aggregate of 1,152,504 shares of our common stock at an exercise price of \$0.38 per share.
- (3) In 2010, we issued and sold an aggregate of 8,784,950 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 15,800,191 shares of Series B convertible preferred stock to investors for an aggregate purchase price of \$6.8 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 24,510 shares of our Series A convertible preferred stock at an initial exercise price of \$1.02 per share. This warrant will become exercisable for an aggregate of 58,153 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 1,163,062 shares of our Series B convertible preferred stock at an initial exercise price of \$0.4299 per share. These warrants will become exercisable for an aggregate of 1,163,062 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 1,163,062 shares of our Series B convertible preferred stock at an initial exercise price of \$0.4299 per share. These warrants will become exercisable for an aggregate of 1,163,062 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 155,377 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 116,306 shares of our Series B convertible preferred stock at an initial exercise price of \$0.4299 per share. This warrant will become exercisable for an aggregate of 116,306 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.
10.5+	Offer Letter, effective November 27, 2013, 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
10.10†	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

* To be filed by amendment.

+ 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 submitted.

(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. 1 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 this 27th day of January, 2014.

ALDEXA 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. 1 to this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Todd C. Brady, M.D., Ph.D.</u> Todd C. Brady, M.D., Ph.D.	Chief Executive Officer and Director (principal executive officer and principal financial and accounting officer)	January 27, 2014
<u>*</u> C. Boyd Clarke	Chairman of the Board of Directors	January 27, 2014
<u>*</u> Ben Bronstein, M.D.	Director	January 27, 2014
<u>*</u> Martin J. Joyce	Director	January 27, 2014
<u>*</u> Gary Phillips, M.D.	Director	January 27, 2014
<u>*</u> Jesse Treu, Ph.D.	Director	January 27, 2014
<u>*</u> Neal Walker, D.O.	Director	January 27, 2014

* By: /s/ Todd C. Brady, M.D., Ph.D.
Todd C. Brady, M.D., Ph.D.
Attorney-in-Fact

EXHIBIT INDEX

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* To be filed by amendment.

+ 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 submitted.

Number
SPECIMEN

Shares
SPECIMEN

ALDEXA 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 (XXXXXX) shares, fully paid and nonassessable, of the Common Stock of **ALDEXA 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, **ALDEXA 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



Aldexa Therapeutics
15 New England Executive Park
Burlington, MA 01803

November 27, 2013

Scott Young
15 New England Executive Park
Burlington, MA 01803

Dear Mr. Young:

Aldexa Therapeutics, Inc. (the “**Company**”) is pleased to offer you employment on the following terms, effective as of the effective date of the registration statement filed by the Company with the Securities and Exchange Commission pursuant to Form S-1 and contingent on such registration statement becoming effective:

1. **Position** . Your initial title will continue to be Chief Operating Officer, and you will initially report to the Company’s Chief Executive Officer. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation** . The Company will pay you a starting salary at the rate of \$315,000 per year, payable in accordance with the Company’s standard payroll schedule. This salary will be subject to adjustment pursuant to the Company’s employee compensation policies in effect from time to time. In addition, you will be eligible to be considered for an incentive bonus for each fiscal year of the Company. The bonus (if any) will be awarded based on objective or subjective criteria established by the Company’s Chief Executive Officer and approved by the Company’s Board of Directors or its compensation committee. Your target bonus will be equal to 35% of your annual base salary. Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of days you are employed by the Company during that fiscal year. Any bonus for a fiscal year will be paid within 2 1/2 months after the close of that fiscal year, but only if you are still employed by the Company at the time of payment (except as described in Section 5 below). The determinations of the Company’s Board of Directors or its compensation committee with respect to your bonus will be final and binding.

3. **Employee Benefits** . As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. Until the time that the Company offers health and dental insurance plan coverage, the Company will pay 100% of employee’s out-of-pocket self-insured costs. In addition, you will be entitled to paid vacation in accordance with the Company’s vacation policy, as in effect from time to time. Such policy currently provides for four weeks of vacation annually.

4. **Equity** . If the Company is subject to a Change in Control before your service with the Company terminates, then on the first permissible trading date that occurs on or following the date of such Change in Control, all of the Equity held by you as of the Change in Control date will become fully vested, exercisable and transferable (except for transfer restrictions imposed by law); provided, however, that if required to avoid adverse consequences under Section 409A of the Code, the settlement date(s) applicable to any Equity the vesting of which is accelerated pursuant to this Section 4 will be the date(s) specified under the agreement evidencing such Equity. 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.

5. **Severance Benefits** .

(a) **General** . If you are subject to an Involuntary Termination, then you will be entitled to the benefits described in this Section 5. However, this Section 5 will not apply unless you (i) have returned all Company property in your possession, (ii) have resigned as a member of the Boards of Directors of the Company and all of its subsidiaries, to the extent applicable, and (iii) have executed a general release of all claims that you may have against the Company or persons affiliated with the Company. The release must be in the form prescribed by the Company, without alterations. You must execute and return the release on or before the date specified by the Company in the prescribed form (the “**Release Deadline**”). The Release Deadline will in no event be later than 50 days after your Separation. If you fail to return the release on or before the Release Deadline, or if you revoke the release, then you will not be entitled to the benefits described in this Section 5.

(b) **Salary Continuation** . If you are subject to an Involuntary Termination, then the Company will continue to pay your base salary for a period of 12 months after your Separation. Your base salary will be paid at the rate in effect at the time of your Separation and in accordance with the Company’s standard payroll procedures. The salary continuation payments will commence within 60 days after your Separation and, once they commence, will include any unpaid amounts accrued from the date of your Separation. However, if the 60-day period described in the preceding sentence spans two calendar years, then the payments will in any event begin in the second calendar year.

(c) **Cash Bonus** . If you are subject to an Involuntary Termination, then the Company will pay you a lump-sum in cash equal to the greater of (i) your target bonus for the year in which the Involuntary Termination occurs or (ii) the actual bonus paid to you with respect to the Company’s most recently completed fiscal year. Such payment will be made within 60 days after your Separation; however, if such 60-day period spans two calendar years, then the payment will in any event be made in the second calendar year.

(d) **COBRA** . If you are subject to an Involuntary Termination and you elect to continue your health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”) following your Separation, then the Company will pay the same portion of your monthly premium under COBRA as it pays for active employees and their eligible dependents until the earliest of (i) the close of the 12-month period following your

Separation, (ii) the expiration of your continuation coverage under COBRA or (iii) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. Such payments will be treated as taxable compensation income to you if required or advisable, in the Company's sole discretion, to avoid adverse consequences to you, the Company or the Company's other employees.

(e) **Accelerated Vesting** . If you are subject to an Involuntary Termination, then on the first permissible trading date that occurs on or following your Separation, all of the Equity held by you as of the Separation date will become fully vested, exercisable and transferable (except for transfer restrictions imposed by law); provided, however, that if required to avoid adverse consequences under Section 409A of the Code, the settlement date(s) applicable to any Equity the vesting of which is accelerated pursuant to this Subsection (e) will be the date(s) specified under the agreement evidencing such Equity. 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). You acknowledge and agree that as a result of the extension of the exercisability of any options granted to you prior to the date of this letter agreement, any such options will cease to qualify as incentive stock options under Section 422(b) of the Code, to the extent such options originally so qualified or were intended to so qualify.

6. **Confidentiality and Non-Competition Agreement** . Like all Company employees, you remain subject to your Confidentiality and Non-Competition Agreement with the Company, a copy of which is attached hereto as **Exhibit A** .

7. **Employment Relationship** . Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

8. **Tax Matters** .

(a) **Withholding** . All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Section 409A** . For purposes of Section 409A of the Code, each payment under Section 5 is hereby designated as a separate payment. 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) the payments under Section 5, to the extent that they are subject to Section 409A of the Code, will commence on the first business day following the earlier of (A) 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 the salary continuation payments commence.

(c) **Tax Advice** . You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company, its Board of Directors or its compensation committee related to tax liabilities arising from your compensation.

9. Interpretation , Amendment and Enforcement . This letter agreement and Exhibit A supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company (including without limitation that certain letter agreement between you and the Company dated July 15, 2013) and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company (the “**Disputes**”) will be governed by Massachusetts law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in the Commonwealth of Massachusetts in connection with any Dispute or any claim related to any Dispute.

10. Definitions . The following terms have the meaning set forth below wherever they are used in this letter agreement:

“**Cause**” means (a) your unauthorized use or disclosure of the Company’s confidential information or trade secrets, which use or disclosure causes material harm to the Company, (b) your material breach of any agreement between you and the Company, (c) your material failure to comply with the Company’s written policies or rules, (d) your conviction of, or your plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) your gross negligence or willful misconduct, (f) your continuing failure to perform assigned duties after receiving written notification of the failure from the Company’s Board of Directors or (g) your failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested your cooperation.

“**Change in Control**” means (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (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 of Directors (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board of Directors over a period of 12 months; provided, however, that if the appointment or election (or nomination for election) of any new member of the Board of Directors 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 Agreement, 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 Equity or other benefit that provides for a deferral of compensation and which is subject to Section 409A of the Code, then notwithstanding anything to the contrary in this letter agreement or in any document governing such award, the transaction with respect to such Equity or other benefit must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A of the Code.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Equity**" means (a) all shares of the Company's Common Stock; (b) all options and other rights to purchase shares of the Company's Common Stock; (c) all stock units, performance units or phantom shares whose value is measured by the value of shares of the Company's Common Stock; and (d) all stock appreciation rights whose value is measured by increases in the value of shares of the Company's Common Stock.

"**Involuntary Termination**" means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.

"**Resignation for Good Reason**" means a Separation as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:

- (a) A reduction in your base salary or target bonus by more than 10%;
- (b) A material diminution of your authority, duties or responsibilities; or
- (c) A relocation of your principal workplace by more than 50 miles.

A Resignation for Good Reason will not be deemed to have occurred unless you give the Company written notice of the condition within 90 days after the condition comes into existence and the Company fails to remedy the condition within 30 days after receiving your written notice.

“**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

“**Termination Without Cause**” means a Separation as a result of a termination of your employment by the Company without Cause, provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

* * * * *

You may indicate your agreement with these terms and accept this offer by signing and dating the enclosed duplicate original of this letter agreement and returning it to me. If you have any questions, please call me.

Very truly yours,

A LDEXA T HERAPEUTICS , I NC .

By: /s/ Todd Brady, M.D., Ph.D.

Title: President and Chief Executive Officer

I have read and accept this employment offer:

/s/ Scott L. Young

Signature of Scott Young

Dated: 11/27/13

Attachment

Exhibit A: Confidentiality and Non-Competition Agreement

A LDEXA T HERAPEUTICS , I NC .
2013 E Q U I T Y I N C E N T I V E P L A N
(A S A D O P T E D O N S E P T E M B E R 8 , 2 0 1 3)

A LDEXA T HERAPEUTICS , I NC .
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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) 7,500,000 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, 4,000,000 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 36,000,000, 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 3,000,000 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 3,000,000, 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 3,000,000 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 7,500,000 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 Aldexa 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 Aldexa 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.

A PPENDIX A
P ERFORMANCE C RITERIA

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
- To the extent that an Award is not intended to comply with Code Section 162(m), other measures of performance selected by the Administrator
- 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

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N OTICE OF S TOCK O PTION G RANT

You have been granted the following option to purchase shares of the common stock of Aldexa 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.

O PTIONEE

A LDEXA T HERAPEUTICS , I NC .

By: _____

Title: _____

**ARTICLE 15. Aldexa Therapeutics, Inc.
2013 Equity Incentive Plan**

ARTICLE 16. Stock Option Agreement

Grant of Option	<p>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.</p> <p>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.</p> <p>[For all purposes applicable to this option, “Service” means your continuous service as an Employee or Consultant.]</p>
Tax Treatment	<p>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.</p>
Vesting	<p>This option vests and becomes exercisable in accordance with the vesting schedule set forth in the Notice of Stock Option Grant.</p> <p>In no event will this option vest or become exercisable for additional shares after your Service has terminated for any reason.</p>
Term	<p>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.)</p>
Termination of Service	<p>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.</p>
Regular Termination	<p>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.</p>

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	<p>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.</p> <p>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.</p>
Leaves of Absence and Part-Time Work	<p>For purposes of this option, your Service does not terminate when you go on a military leave, a sick leave or another <i>bona fide</i> 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.</p> <p>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.</p>
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. ¹
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.

¹ Delete if no ISOs will be granted.

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

The text of the Plan is incorporated in this Agreement by reference.

Other Agreements

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.**

CONFIDENTIAL TREATMENT REQUESTED**LICENSE AND SUPPLY AGREEMENT**

T HIS L ICENSE AND S UPPLY A GREEMENT (this “ **Agreement** ”) is made this 19th day of February 2010 (the “ **Effective Date** ”) between: **C Y D EX P HARMACEUTICALS , I NC .** , a Delaware corporation with offices at 10513 W. 84th Terrace, Lenexa, Kansas 66214 (“ **CyDex** ”); and **Neuron Systems, Inc** , a Delaware corporation with offices at 15 New England Executive Park, Burlington MA 01803 (“ **Company** ”).

RECITALS

W HEREAS , CyDex is engaged in the business of developing and commercializing novel drug delivery technologies designed to enhance the solubility and effectiveness of existing and development-stage drugs;

W HEREAS , CyDex is the exclusive worldwide licensee of Captisol®, a patented drug formulation system designed to enhance the solubility and stability of drugs;

W HEREAS , Company desires to obtain a license to use such patented drug formulation system in connection with its development and commercialization of the Compound (defined below) and CyDex is willing to grant such license to Company under the terms and conditions set forth herein; and

W HEREAS , CyDex desires to sell Captisol® to Company, and Company desires to purchase Captisol® from CyDex, in accordance with the terms and conditions contained herein;

N OW , T HEREFOR E , in consideration of the following mutual promises and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties, intending to be legally bound, agree as follows:

1. D EFINITIONS .

For the purposes of this Agreement, the following terms shall have the meanings as defined below:

1.1 “ Affiliate ” means, with respect to any party, any entity controlling, controlled by, or under common control with such party, during and for such time as such control exists. For these purposes, “control” shall refer to the ownership, directly or indirectly, of at least fifty percent (50%) of the voting securities or other ownership interest of the relevant entity.

1.2 “ Captisol ” means Captisol®, also known scientifically as ****.

1.3 “ Captisol Data Package ” means ****.

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1.4 “ Captisol Improvement ” means any technology or improvement specific to Captisol, whether or not patentable, that is developed by Company or its Affiliates or Sublicensees, solely or jointly with a third party.

1.5 “ Claim ” has the meaning specified in Section 10.1.

1.6 “ Clinical Grade Captisol ” means Captisol which (a) has been manufactured under conditions of current good manufacturing practices for bulk excipients as set forth in U.S. Pharmacopoeia <1078> as of the Effective Date or any successor thereto, (b) is intended for use in humans, (c) is intended for clinical trials for the Licensed Product and (d) meets the Specifications.

1.7 “ Commercial Grade Captisol ” means Captisol which (a) has been manufactured under conditions of current good manufacturing practices for bulk excipients as set forth in U.S. Pharmacopoeia <1078> as of the Effective Date or any successor thereto, (b) is intended for use in humans, (c) is intended for commercial sale of the Licensed Product and (d) meets the Specifications.

1.8 “ Commercial Launch Date ” means, in any particular country, the first sale by Company, its Affiliates or Sublicensees of the Licensed Product.

1.9 “ Compound ” means that certain pharmaceutical compound known as **NS-2** with the chemical name *****, owned by or licensed to Company and developed and manufactured by or on behalf of Company.

1.10 “ Confidential Information ” has the meaning specified in Section 8.1.

1.11 “ Detailed Forecast ” has the meaning specified in Section 3.2(b).

1.12 “ Disclosing Party ” has the meaning specified in Section 8.1 hereof.

1.13 “ DMF ” means a Drug Master File for Captisol, as filed as of the Effective Date, or as hereafter updated from time to time during the Term, by CyDex with the FDA.

1.14 “ FDA ” means the United States Food and Drug Administration, or any successor thereto.

1.15 “ Field ” means any ocular treatment for ****.

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1.16 “ IND ” means an Investigational New Drug application, as defined in the United States Federal Food, Drug and Cosmetic Act and the regulations promulgated thereunder, or similar application filed with an equivalent regulatory body in another country.

1.17 “ Indemnitee ” has the meaning specified in Section 10.4.

1.18 “ Indemnitor ” has the meaning specified in Section 10.4.

1.19 “ Licensed Patents ” means all patents and patent applications in the Territory which cover Captisol and which now or at any time during the Term are owned by or licensed to CyDex or any CyDex Affiliate with the right to sublicense, including any and all extensions, renewals, continuations, substitutions, continuations-in-part, divisions, patents-of-addition, reissues, reexaminations and/or supplementary protection certificates to any such patents. Set forth in *Exhibit A* attached hereto is a list of the Licensed Patents as of the Effective Date. Such *Exhibit A* may be updated by CyDex from time to time during the Term.

1.20 “ Licensed Product ” means the Compound combined with or formulated using Captisol covered by the Licensed Patents in all dosage forms/formulations for ultimate use in humans. ****

1.21 “ Losses ” has the meaning set forth in Section 10.1.

1.22 “ Marketing Approval ” means final approval of an NDA by the FDA, or final approval of a comparable document filed with an equivalent health regulatory authority in any other country or in the European Union (using the centralized process or mutual recognition), including all required marketing, pricing or reimbursement approvals.

1.23 “ NDA ” means a New Drug Application, as defined in the United States Federal Food, Drug and Cosmetic Act and the regulations promulgated thereunder, or similar application filed with an equivalent regulatory body in another country.

1.24 “ Net Sales ” means gross amounts invoiced by Company, its Affiliates and Sublicensees for sales of the Licensed Product, less the following: (a) normal and customary trade, quantity and/or cash discounts, allowances and rebates actually allowed or given; returns and credits actually allowed for rejections, defects or recalls of Licensed Product, outdated or returned Licensed Product, or because of rebates or retroactive price reductions; freight, postage, shipping insurance and other transportation expenses (if separately identified on the invoice); and (d) sales, value-added, excise or use taxes, tariffs, duties and customs fees and other taxes imposed with respect to specific sales.

1.25 “ Notice of Default ” has the meaning specified in Section 13.2.

1.26 “ Notice of Termination ” has the meaning specified in Section 13.2.

1.27 **** has the meaning specified in Section 8.5.

1.28 “ Purchase Volume Limitations ” has the meaning specified in Section 3.2(c).

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1.29 “ Receiving Party ” has the meaning specified in Section 8.1.

1.30 “ Q1 ”, “ Q2 ”, “ Q3 ”, and “ Q4 ” have the meanings specified in Section 3.2(b).

1.31 “ Research Grade Captisol ” means Captisol which has not been manufactured under required conditions of current good manufacturing practices and is not suitable for use in humans, but which meets CyDex’s specifications for Research Grade Captisol.

1.32 “ SEC ” has the meaning specified in Section 8.3.

1.33 “ Specifications ” means the specifications for Captisol set forth in Exhibit B hereto, as such may be amended from time to time pursuant to Section 3.4.

1.34 “ Study ” has the meaning specified in Section 6.3.

1.35 “ Sublicensees ” has the meaning specified in Section 2.3.

1.36 “ Term ” has the meaning specified in Section 13.1.

1.37 “ Testing Methods ” has the meaning specified in Section 3.5(a).

1.38 “ Third-Party Manufacturer ” has the meaning specified in Section 3.6.

1.39 “ Territory ” means the entire world.

1.40 “ Volume Threshold ” has the meaning specified in Section 3.1.

2. GRANT OF RIGHTS.

2.1 License Grants from CyDex to Company .

(a) Licensed Patents . Subject to the terms and conditions of this Agreement, including but not limited to payment of the amounts set forth in Section 4.1 below, CyDex hereby grants to Company, an exclusive, nontransferable (except with respect to the assignment provision in Section 14.15) license in the Field during the Term under the Licensed Patents, solely to make, use, sell, offer for sale and import the Licensed Product in the Territory. Company may not make, use, sell, offer for sale, or import the Licensed Product for any other purposes. Company may not sublicense the Licensed Patents, except as expressly set forth in Sections 2.3 and 2.4 below.

(b) Captisol Data Package . Subject to the terms and conditions of this Agreement, including but not limited to payment of the amounts set forth in Section 4.1 below, CyDex hereby grants to Company a non-exclusive, nontransferable (except with respect to the assignment provision in Section 14.15) license during the Term under CyDex’s right in and to the Captisol Data Package, solely to make, use, sell, offer for sale and import the Licensed Product in the Territory in the Field. Company may not sublicense its rights to the Captisol Data Package, except as expressly set forth in Sections 2.3 and 2.4 below.

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(c) Scope of Licenses . Without limiting the generality of the foregoing, CyDex grants no rights to Company to manufacture, import, sell or offer for sale bulk Captisol. Licensee acknowledges that not all rights of CyDex related to Captisol are included within the rights licensed hereunder, given that CyDex shall supply Company's requirements of Captisol for the Licensed Product. Company shall not attempt to reverse engineer, deconstruct or in any way determine the structure or composition of Captisol. ****

(d) Ownership of Captisol Improvements . All Captisol Improvements shall be owned by CyDex. Company shall provide notice to CyDex in reasonable detail of all Company's Captisol Improvements. CyDex shall have the sole right at its cost to file patent applications claiming Captisol Improvements, *provided* that all such patents shall be exclusively licensed to Company for use in the Field and included within the Licensed Patents licensed pursuant to Section 2.1(a) hereof. For clarity, CyDex agrees that it shall not after the Effective Date grant to a third party any new licenses in the Field, with respect to any Captisol Improvements created solely by Company. ****

2.2 Ownership of Licensed Product Improvements . Any technology or improvement related to the Licensed Product, whether or not patentable, that is developed by Company or its Affiliates or Sublicensees during the Term, in each case related to the Licensed Products, and which is not a Captisol Improvement, shall be owned by Company. Company shall have the sole right at its cost to file patent applications claiming such technology or improvements.

2.3 Sublicensing . Company shall have the right to grant sublicenses to its Affiliates and licensees of the Licensed Product (collectively "**Sublicensees** ") under the licenses granted to Company pursuant to Section 2.1; *provided* that Company warrants and shall procure, as a condition precedent thereto, that each such Sublicensee shall first be advised of the restrictions set forth in this Agreement with respect to the transfer of the rights sublicensed to such Sublicensee and such Sublicensee shall enter into an agreement **** with Company pursuant to which such Sublicensee shall acknowledge and agree to observe and be bound by the applicable restrictions set forth in this Agreement. Other than as specifically provided in and this Section 2.3 and Section 2.4, Company shall not have the right to grant sublicenses to any third party under the licenses granted pursuant to Section 2.1.

2.4 Contracting . Company may manufacture the Licensed Product (but not the bulk Captisol) or contract the manufacture of the Licensed Product (but not the manufacture of bulk Captisol) with reputable FDA-inspected third party manufacturers upon notification to CyDex in writing of Company's intent to do so (such notice to include the identity and location of the

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proposed third party manufacturers). To the extent necessary to engage a third party manufacturer for the Licensed Product, Company shall be permitted under this Agreement to grant any such third party manufacturer a sublicense under the licenses granted to Company pursuant to Section 2.1 solely for such purposes; *provided* that Company shall procure, as a condition precedent thereto, that (a) any such third party manufacturer shall first be advised of the restrictions set forth in this Agreement with respect to the transfer of the rights licensed to Company and its Sublicensees hereunder and (b) any such third party manufacturer shall enter into an agreement **** with Company pursuant to which such third party manufacturer shall acknowledge and agree to observe and be bound by the applicable restrictions set forth in this Agreement.

3. MANUFACTURE AND SUPPLY OF CAPTISOL.

3.1 Purchase of Captisol . **** CyDex agrees that CyDex shall produce (or have produced for it) and sell to Company **** Company's and its Affiliates' and Sublicensees' requirements for Captisol in the formulation of Licensed Product, during the Term and subject to the provisions of this Agreement. Purchases of Captisol may include Research Grade Captisol, Clinical Grade Captisol and/or Commercial Grade Captisol. Company may place orders for Captisol on behalf of its Affiliates and Sublicensees; *provided , however* that: (a) Company shall instruct CyDex as to the location for the shipment thereof; (b) Company shall guarantee payment to CyDex of all amounts properly payable with respect thereto; and (c) if Company requests that CyDex deliver such orders to Company for re-delivery thereof by Company to its Affiliates or Sublicensees, Company shall comply with all applicable laws, rules and regulations applicable to the transportation of Captisol from Company to its Affiliates and Sublicensees.

3.2 Supply Terms .

(a) Long-term Forecast . No later than **** prior to the anticipated Commercial Launch Date by Company or its Affiliates or Sublicensees of a Licensed Product in any particular country, Company shall provide CyDex with a forecast setting forth Company's estimate of the required quantities of Commercial Grade Captisol for each of the following ****. Such long-term forecast shall thereafter be updated by Company at least once every ****

(b) Binding Detailed Forecast . At least **** calendar quarters prior to the first order of Commercial Grade Captisol, Company shall deliver to CyDex a detailed rolling forecast setting forth Company's requirements and anticipated delivery schedules for Commercial Grade Captisol for each calendar quarter during the succeeding **** period (the "**Detailed Forecast** "). For purposes of this Agreement, a calendar quarter means the consecutive three (3) month period ending March 31, June 30, September 30, and December 31, respectively. The parties acknowledge and agree that the first calendar quarter covered in the Detailed Forecast may be for a period less than the full three (3) month period but that each

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subsequent calendar quarter shall be for a full three (3) month period. The Detailed Forecast shall thereafter be updated by Company quarterly on a rolling basis, no later than the first day of each calendar quarter, so that each calendar quarter CyDex shall have been provided with a rolling Detailed Forecast for each calendar quarter during the **** period commencing on the first day of the next calendar quarter following the date on which such Detailed Forecast is submitted. The Detailed Forecast shall be **** covered by such updated Detailed Forecast (“ Q1 ”, “ Q2 ”, “ Q3 ”, respectively, and where the fourth calendar quarter shall be “ Q4 ”). If Company fails to provide any updated Detailed Forecast in accordance with this Section 3.2(b), the Detailed Forecast last provided by Company shall be deemed to be Company’s binding Detailed Forecast for the next succeeding **** period.

(c) Detailed Forecast Variances . Each updated Detailed Forecast may modify the amount of Commercial Grade Captisol estimated in the previous Detailed Forecast in accordance with the following limitations (the “ **Purchase Volume Limitations** ”):

(i) for the Q1 covered by such updated Detailed Forecast, **** may be made to the forecast provided for the Q2 in the immediately preceding Detailed Forecast without the prior express written consent of CyDex;

(ii) for the Q2 covered by such updated Detailed Forecast, **** may be made to the forecast provided for the Q3 in the immediately preceding Detailed Forecast without the prior express written consent of CyDex; and

(iii) for the Q3 covered by such updated Detailed Forecast, **** may be made to the forecast provided for the Q4 in the immediately preceding Detailed Forecast without the prior express written consent of CyDex.

In each case CyDex’s consent may be ****

(d) Purchase Orders . Together with each Detailed Forecast provided under Section 3.2(b), Company shall place a firm purchase order with CyDex in a form mutually agreed upon by the parties, for Company’s order of Commercial Grade Captisol for delivery consistent with the Detailed Forecast. Each purchase order, for all grades of Captisol, shall specify: (i) the grade of Captisol ordered (i.e., Commercial Grade Captisol, Clinical Grade Captisol or Research Grade Captisol); (ii) quantities; (iii) delivery dates; and (iv) reasonable shipping instructions. CyDex shall **** comply with Company’s requested delivery dates; *provided, however*, that the purchase order is received by CyDex at least **** prior to the stipulated delivery date. No purchase order shall be binding upon CyDex until accepted by CyDex in writing; provided that CyDex (x) shall accept in writing within **** after CyDex’s receipt of each purchase order for Clinical Grade Captisol or Research Grade Captisol, (y) shall accept in writing within **** after CyDex’s receipt of each purchase order for Commercial Grade Captisol from Company with

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respect to the quantities of Captisol ordered that do not exceed the Purchase Volume Limitations, and (z) shall notify Company of CyDex's ability to fill any quantities of such purchase order for Commercial Grade Captisol that are in excess of the Purchase Volume Limitations (but under the Volume Threshold) within **** after CyDex's receipt of such purchase order. CyDex shall not be obligated to accept such orders to the extent that the quantities of Commercial Grade Captisol ordered exceed the Purchase Volume Limitations, but CyDex shall **** fill such orders for such excess quantities (provided that such quantities are less than the Volume Threshold) from available supplies. If CyDex**** is unable to supply such quantities that exceed the Purchase Volume Limitations to Company, ****. If any purchase order or other document submitted by Company hereunder or any other document passing between the parties contains terms or conditions in addition to or inconsistent with the terms of this Agreement, the terms of this Agreement shall control and prevail and such additional or inconsistent terms are hereby expressly rejected.

3.3 Delivery . CyDex shall deliver to Company or Company's designee each order of Captisol, packed for shipment in accordance with CyDex's customary practices and the Specifications, EXW (Incoterms 2000) CyDex's production point or storage facilities. Title and risk of loss and/or damage to Captisol shall pass to Company upon delivery of Captisol to Company or Company's designee at CyDex's production point or storage facilities. **** Quantities actually delivered to Company or Company's designee pursuant to an accepted purchase order **** and still be deemed to be in compliance with such purchase order; provided, however, ****. CyDex will ****.

3.4 Modified Specifications .

(a) General . **** In such event, CyDex shall give company at least **** notice of such change. Company shall cooperate with CyDex to have such change approved by all regulatory agencies having jurisdiction. Company shall have the right to request changes to the Specifications from time to time during the Term. CyDex shall ****. In addition, if any regulatory agency having jurisdiction requires CyDex to implement any changes to the Specifications, CyDex shall use all reasonable efforts to make such changes. CyDex shall promptly advise Company as to any lead-time changes or other terms that may result from a change to the Specifications, including but not limited to price adjustments necessary to enable CyDex to recover costs it incurred for materials already

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purchased by CyDex expressly for Company, its Affiliates or Sublicensees and rendered unusable by Company, its Affiliates or Sublicensees due to a change in Specifications necessary to comply with government regulatory requirements. If a regulatory agency requires a change to the Specifications where such change is specific to Captisol as implemented in the Licensed Product, then **** shall be responsible for the costs incurred to generate such unique, modified Specifications.

(b) Material Change . In the event a change made pursuant to Section 3.4(a) results in Company not being able to use **** the new Captisol formulation (a “Material Change”), then the provisions of Section 3.7(c) shall apply.

3.5 Quality Control; Acceptance and Rejection .

(a) Quality Control . CyDex shall conduct or have conducted quality control testing of Captisol prior to shipment in accordance with the Specifications and other CyDex-approved quality control testing procedures (the “Testing Methods”). CyDex shall retain or have retained accurate and complete records pertaining to such testing. Each shipment of Captisol hereunder shall be accompanied by a certificate of analysis for each lot of Captisol therein.

(b) Acceptance Testing .

(1) ** Batch Selection Prior to Delivery** . Company has developed an assay (the “ Assay ”) to detect and quantify a certain impurity, ****, in Captisol. Company desires to receive quantities of Captisol that, while meeting CyDex’s Specifications for Captisol, have a maximum of **** for **** (the “****”). As requested from time to time by Company, CyDex shall reasonably cooperate with Company by providing documented samples from available batches of Captisol so that Company, prior to delivery of Captisol hereunder, may at Company’s sole cost use the Assay to evaluate the **** content of such batches. For clarity, such evaluation by Company shall (i) be at ****, (ii) be under the **** of Company, (iii) not result in the Specifications for Captisol being modified with respect to **** or the ****, (iv) **** the warranty or other obligations of CyDex hereunder, and (v) not require **** to ****. Company shall promptly provide the results of such evaluation to CyDex in writing, including a list of such batches that conform to the **** and a list of such batches that do not conform to the ****. CyDex shall **** only deliver Captisol from such batches documented by CyDex as being the source of the samples identified by Company as conforming to the ****. CyDex shall not be liable to Company for any delay in delivering Captisol hereunder if such delay is a result of Company not timely reporting the results of such evaluation or a shortage of batches that conform the ****. **** shall have sole responsibility for ensuring that identified batches of Captisol conforms to the ****.

(2) General Acceptance Testing After Delivery . Company shall have a period of **** from the date of receipt to test or cause to be tested Captisol supplied under this Agreement. Company or its designee shall have the right to reject any shipment of Captisol that does not conform in all material respects with the Specifications **** at the time of delivery pursuant to Section 3.3 hereof when tested in accordance with the

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Testing Methods. All shipments of Captisol shall be deemed accepted by Company unless CyDex receives written notice of rejection from Company within such **** period describing the reasons for the rejection in reasonable detail. Once a delivery of Captisol is accepted or deemed accepted hereunder, Company shall have **** against CyDex in the event Captisol is subsequently deemed unsuitable for use for any reason****

(c) Confirmation . After its receipt of a notice of rejection from Company pursuant to Section 3.5(b) above, CyDex shall notify Company as soon as reasonably practical whether it accepts Company's basis for rejection and Company shall cooperate with CyDex in determining whether such rejection was necessary or justified. If the parties are unable to agree as to whether a shipment of Captisol supplied by CyDex or its Third-Party Manufacturer hereunder meets the Specifications ****, such question shall be submitted to an independent quality control laboratory mutually agreed upon by the parties. The findings of such independent laboratory shall be binding upon the parties. The cost of the independent quality control laboratory shall be borne by the party whose results are shown by such laboratory to have been incorrect.

(d) Return or Destruction of Rejected Shipments . Company may not return or destroy any batch of Captisol until it receives written notification from CyDex that CyDex does not dispute that the batch fails to meet the Specifications ****, such notification to not be unreasonably withheld. CyDex will indicate in its notice either that Company is authorized to destroy the rejected batch of Captisol or that CyDex requires return of the rejected Captisol. Upon written authorization from CyDex to do so, Company shall promptly destroy the rejected batch of Captisol and provide CyDex with written certification of such destruction. Upon receipt of CyDex's request for return, Company shall promptly return the rejected batch of Captisol to CyDex. In each case, CyDex will reimburse Company for the documented, reasonable costs associated with the destruction or return of the rejected Captisol.

(e) Refund or Replacement . Company shall not be required to pay any invoice with respect to any shipment of Captisol properly rejected pursuant to this Section 3.5. Notwithstanding the foregoing, Company shall be obligated to pay in full for any rejected shipment of Captisol that is subsequently determined to meet the Specifications **** in all material respects, irrespective of whether Company has already paid CyDex for a replacement shipment. If Company pays in full for a shipment of Captisol and subsequently properly rejects such shipment in accordance with this Section 3.5, Company shall upon confirmation that such shipment failed to meet the Specifications in all material respects, be entitled, either: (i) to a refund or credit equal to the full purchase price paid with respect to such rejected shipment; or (ii) to require CyDex to replace such rejected shipment within **** at no additional cost to Company **** Upon confirmation that such shipment failed to meet the **** in all material respects, Company shall be entitled to return all un-opened Captisol containers with respect to such rejected shipment ****

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****.

(f) Exceptions . Company's rights of rejection, return, refund and replacement set forth in this Section 3.5 shall not apply to any Captisol that is non-conforming due to damage (i) caused by Company, its Affiliates or Sublicensees or their respective employees or agents, including but not limited to, misuse, neglect, improper storage, transportation or use beyond any dating provided or (ii) that occurs subsequent to delivery of such Captisol to the carrier at the point of origin, including but not limited to any damage caused thereafter by accident, fire or other hazard and CyDex shall have no liability or responsibility to Company with respect thereto.

3.6 Facilities and Inspections . Without limiting CyDex's responsibility under this Agreement, CyDex shall have the right at any time to satisfy its supply obligations to Company hereunder either in whole or in part through arrangements with third parties engaged to perform services or supply facilities or goods in connection with the manufacture or testing of Captisol (each, a "**Third-Party Manufacturer**"). CyDex shall give Company prior written notice of any such arrangement. The parties hereby agree that The Hovione Group is a Third-Party Manufacturer as of the Effective Date of this Agreement. CyDex shall permit no more than **** of Company's authorized representatives, during normal working hours and upon reasonable prior notice to CyDex but in no event less than ****prior notice, to inspect that portion of all CyDex facilities utilized for the manufacture, preparation, processing, storage or quality control of Captisol or such facilities of any Third-Party Manufacturer, no more frequently than **** . If such inspection is of the facilities of a Third-Party Manufacturer, Company shall ****. Company's authorized representatives shall be accompanied by CyDex personnel at all times, shall be qualified to conduct such manufacturing audits, shall comply with all applicable rules and regulations relating to facility security, health and safety, and shall execute a written confidentiality agreement with terms at least as restrictive as those set forth in Section 8 hereof. In no event shall any such manufacturing audit exceed **** in duration. Company shall ensure that its authorized representatives conduct each manufacturing audit in such a manner as to not interfere with the normal and ordinary operations of CyDex or its Third-Party Manufacturer. Except as expressly set forth in this Section 3.6, neither Company nor its Affiliates, Sublicensees or their respective employees or representatives shall have access to CyDex's facilities or the facilities of any Third-Party Manufacturer.

3.7 Inability to Supply .

(a) Notice . CyDex shall notify Company if CyDex is unable to supply the quantity of (i) Commercial Grade Captisol ordered by Company in accordance with the Purchase Volume Limitations set forth in Section 3.2(c) or (ii) Research Grade Captisol or Clinical Grade Captisol ordered by Company as set forth in Section 3.2(d) above: (1) within **** after CyDex's receipt of a purchase order from Company as provided in Section 3.2(d); or (2) immediately upon becoming aware of an event of *force majeure* or any other event that would render CyDex unable to supply to Company the quantity of Captisol that CyDex is required to supply hereunder.

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(b) Allocation . If CyDex is unable to supply to Company the quantity of Captisol that CyDex is required to supply hereunder, CyDex (i) shall allocate its available Captisol among Company and any other purchasers of Captisol with which CyDex then has an on-going contractual relationship, in proportion to the quantity of Captisol for which each of them has orders pending at such time; (ii) shall take all reasonable steps necessary to minimize supply delays and (iii) shall notify Company of its plan to alleviate supply delays.

(c) Shortage of Supply and Back-Up Manufacturing Rights . Each party hereby acknowledges that a material failure in the CAPTISOL supply chain may adversely affect the supply of the Licensed Product. If (1) CyDex fails to timely supply to Company at least **** of the quantities of CAPTISOL properly forecasted and ordered by Company (and provided such order was within the Purchase Volume Limitations) that conform to the Specifications **** or (2) CyDex is unable to supply or to timely supply to Company the quantity of CAPTISOL that CyDex is required to deliver to Company pursuant to accepted purchase orders due to an event of *Force Majeure* that lasts for more than **** (each, a “**Failure to Supply**”) or in the event of a Material Change, then the following provisions shall be applicable:

(i) Alternate Facility . At Company’s written request, CyDex shall negotiate with its Third-Party Manufacturer the terms under which the Third-Party Manufacturer would be willing to validate and qualify a backup manufacturing facility for the manufacture of CAPTISOL.

(ii) ** Inventory** . Upon CyDex’s receipt of Company’s written request and a purchase order covering a period of ****, both of which should be provided by Company within **** after Company’s written notice, CyDex will segregate in its inventories of Captisol manufactured prior to the Material Change and at the unchanged Specifications, the amount of Captisol ordered in such purchase order provided that the amount will not exceed **** the aggregate quantity of Captisol specified in the last Long-Term forecast provided by Company to CyDex. For clarity, the provision under this Section 3.7(c)(ii) is only provided for a Material Change event.

(iii) Alternate Supplier . At Company’s written request, CyDex shall negotiate with its Third-Party Manufacturer the terms under which the Third-Party Manufacturer would be willing to qualify one or more alternate suppliers for the manufacture of CAPTISOL, including without limitation, the terms of such Third-Party Manufacturer’s reasonable cooperation with CyDex to qualify such alternate supplier.

(iv) Transfer of Manufacturing Technology . Company may, by providing written notice of the occurrence of such Failure to Supply or Material Change, elect to assume manufacturing of CAPTISOL under its Manufacturing License (as defined below). In the event Company elects to use another supplier to manufacture and supply CAPTISOL pursuant to this Section 3.7(c), CyDex, within **** of receipt of Company’s written notice, or during such longer period as may be reasonably necessary, shall provide Company with the documentation, know-how and technical information that is necessary to make and have made CAPTISOL. ****

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****. To the extent practicable, CyDex shall continue to supply Company with its needs of CAPTISOL under the terms of this Agreement until Company is capable of doing so.

(d) Manufacturing License . CyDex hereby grants to Company a non-exclusive, non-transferable license (without the right to sublicense) under all intellectual property rights of CyDex that are needed to manufacture CAPTISOL in the same manner as manufactured by the Third-Party Manufacturers solely to make, or to have made, CAPTISOL for the purpose of manufacturing Company’s requirements of CAPTISOL for use in the manufacture of the Licensed Product in the Territory (“ **Manufacturing License** ”) for the remainder of the Term; provided that such Manufacturing License shall not be exercised until the occurrence of a Failure to Supply. For clarity, the Manufacturing License shall not include the right to make CAPTISOL for any other product or for any third party and Company’s exercise of the Manufacturing License and back-up manufacturing right pursuant to Section 3.7(c) hereof shall not be deemed a violation of this Agreement and thereafter Company shall not be required to purchase any of its requirements of CAPTISOL under either this Agreement.

4. COMPENSATION .

4.1 Payments and Royalties for Licenses .

(a) One-Time Fee . Company shall pay to CyDex a non-refundable, one-time fee of **** in partial consideration of the rights granted Company under this Agreement, which amount shall be due and payable in full upon the Effective Date.

(b) Milestone Payments . Within **** following the occurrence of each of the milestone events listed below with respect to each Licensed Product, Company shall provide written notice to CyDex of the achievement of such milestone event, and within **** of the occurrence of each of the milestone events, pay to CyDex the applicable non-refundable milestone fee listed next to each such event in further consideration of the rights granted Company hereunder. The milestone payments are as follows:

<u>M ILESTONE</u>	<u>M ILESTONE P AYMENT</u>
****	****
****	****
****	****
****	****
****	****
****	****

(c) Royalties .

(i) In addition to amounts payable pursuant to Sections 4.1(a) and 4.1(b) above, Company shall make royalty payments to CyDex during the Term on a calendar

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quarterly basis, in an amount equal to **** of the applicable Net Sales during such quarter arising from the sale of the Licensed Product in the Territory, commencing on the first Commercial Launch Date of the Licensed Product in the Field in the Territory and continue on a country by country basis. Such royalties accrued and payable by Company to CyDex shall be capped at **** on a calendar annual basis. All royalties payable to CyDex pursuant to this Section 4.1(c)(i) shall be due and payable within **** after the conclusion of each calendar quarter.

(ii) Following the expiration of the last to expire Licensed Patent, on a country by country basis, then Company shall have the right to reduce by **** the royalty payments owed pursuant to Section 4.1(c)(i) All royalties payable to CyDex pursuant to this Section 4.1(c)(ii) shall be due and payable within **** after the conclusion of each calendar quarter. Company's obligation to pay royalties pursuant to this Section 4.1(c)(ii) shall continue until the seventh (7th) anniversary of the expiration date of the last to expire Licensed Patent, on a country by country basis provided the Licensed Product is covered by one or more Company patents.

(iii) In establishing the royalty structure hereunder, the parties recognize, and Company acknowledges, the substantial value of the various obligations being undertaken by CyDex under this Agreement, in addition to the grant of the licenses under the Licensed Patents and Captisol Data Package, to enable the rapid and effective market introduction of the Licensed Product in the Territory. The parties have agreed to the payment structure set forth herein as a convenient and fair mechanism to compensate CyDex for these obligations.

4.2 Pricing for Captisol .

(a) **Pricing** . The purchase prices for Captisol are as specified in *Exhibit C* attached hereto. CyDex reserves the right to increase the purchase prices set forth on *Exhibit C* on each **** during the Term, by **** advance written notice to Company, by a percentage equal to **** The minimum order for Commercial Grade Captisol shall be in **** increments. Notwithstanding the foregoing, if Company fails to order for any Q1 a quantity of Commercial Grade Captisol to be delivered during such Q1 that is equal to or greater than the quantity of Commercial Grade Captisol Company is obligated to purchase pursuant to the applicable Detailed Forecast (the difference between the quantity of Commercial Grade Captisol Company is obligated to purchase in Q1 pursuant to the applicable Detailed Forecast and the amount of Commercial Grade Captisol that Company actually orders in Q1, the "**Shortfall**"), then provided that CyDex has used commercially reasonable efforts to mitigate, Company agrees to reimburse CyDex for the cost of any raw materials and supplies acquired or used in anticipation of supplying Company with such Shortfall to the extent that such raw materials and supplies cannot be redeployed to other projects and any resulting Commercial Grade Captisol cannot be resold to other customers.

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(b) Invoicing; Payment . CyDex shall invoice Company upon shipment of each order of Captisol. All invoices shall be sent to the address specified in the applicable purchase order, and each invoice shall state the purchase price for Captisol in such shipment, plus any insurance, taxes, shipping costs or other costs incidental to such purchase or shipment initially paid by CyDex but to be borne by Company hereunder; provided, however, that if such insurance, taxes, shipping costs or other costs incidental to such purchase or shipment initially paid by CyDex but to be borne by Company are not known at the time CyDex invoices Company for the purchase price for the Captisol ordered by Company, CyDex may invoice such costs at a later date. Payment of such invoices shall be made within **** after the date thereof.

4.3 Currency . All amounts due hereunder are stated in, and shall be paid in, U.S. dollars. Net Sales based on foreign revenue will be converted to U.S. dollars at the rate of exchange published in Reuters Daily Rate Report or The Wall Street Journal, Eastern U.S. Edition on the last day of each calendar quarter. Company shall provide CyDex, together with each royalty payment owed pursuant to Section 4.1(c) above, a schedule detailing the calculation of Net Sales resulting from the conversion of foreign revenue to U.S. dollars as set forth herein.

4.4 Taxes . All amounts due hereunder exclude all applicable sales, use, and other taxes, and **** will be responsible for payment of ****. **** shall indemnify and hold **** harmless from any and all such ****.

4.5 Late Payments . Unpaid balances shall accrue interest, from due date until paid, at a rate equal to the lesser of (i) **** or (ii) ****. If any amount due hereunder and not subject to a reasonable, good-faith dispute by Company remains outstanding for more than **** after its due date, CyDex may, in addition to any other rights or remedies it may have, ****.

5. RECORDS; REPORTS; AUDIT.

5.1 Records . During the Term and for a period of **** years thereafter, Company shall, and shall require its Affiliates and Sublicensees to, maintain complete and accurate records relating to (a) **** and (b) Net Sales of Licensed Product.

5.2 Reports .

(a) Quarterly Reports . Within **** following the conclusion of each calendar quarter during the Term, Company shall upon request provide CyDex with written reports with respect to such calendar quarter that (i) describe in reasonable detail Company's **** (ii) set forth in reasonable detail complete and accurate records of Company's, its Affiliates' and Sublicensees' Net Sales of the Licensed Product in the Territory during such calendar quarter.

(b) Annual Reports . Annually, by **** of each calendar year during the Term, Company shall upon request provide CyDex with written reports that: (i) describe in reasonable detail Company's **** during such calendar year; (ii) summarize in reasonable detail **** during such calendar year; (iii) detail Company's ****; (iv) after relevant Marketing Approvals, provide CyDex with ****; and (v) set forth such other information regarding Captisol as mutually agreed upon by the parties.

5.3 Audit . During the Term and for a period of **** thereafter, CyDex shall have the right, no more frequently than **** and only during normal business hours and upon reasonable notice, to inspect and audit **** records relevant to (a) **** and (b) Net Sales. The costs of such audits shall be borne solely by CyDex; *provided , however* , that in the event such an audit reveals either a failure by Company to pay any **** or an underpayment by Company of royalties owed hereunder, Company shall immediately (i) pay CyDex all amounts by which Company has underpaid CyDex as revealed by the audit, plus interest accrued thereon (from the applicable original due date) at the rate set forth in Section 4.5 above and (ii) reimburse CyDex for the costs of such audit if such underpayment is more than **** of the total due for the relevant period. All information concerning royalty payments and reports, and any information learned in the course of any audit or inspection under this Section 5.3, shall be deemed to be Confidential Information of Company, subject to the terms and provisions of Section 8 below****.

6. DEVELOPMENT AND COMMERCIALIZATION BY COMPANY.

6.1 Diligence . Company agrees that, during the Term, it will (i) use, and shall require its Affiliates and Sublicensees to use, commercially reasonable efforts to obtain Marketing Approval in the major markets in the Territory and commercially reasonable efforts to market, promote, and sell Licensed Product thereafter in each country in which Marketing Approval is obtained, and (ii) comply with the requirements set forth in *Exhibit D* hereto. For clarity, in the event that Company fails to meet such requirements, CyDex shall have the right to terminate this Agreement pursuant to Section 13.2 hereof.

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6.2 Costs and Expenses . Company shall be solely responsible for all costs and expenses related to its development and commercialization of the Licensed Product, including without limitation costs and expenses associated with all preclinical activities and clinical trials, and all regulatory filings and proceedings relating to the Licensed Product.

6.3 In Vivo Studies . If Company wishes to conduct any in vivo study (preclinical or clinical, in animals or in humans, each a “ **Study** ”) of the Licensed Product utilizing Captisol, then Company shall notify CyDex of any such Study and of the protocol therefore in writing at least **** prior to commencing such Study for pre-clinical studies, and at least **** prior to commencing such Study for clinical studies, and the following provisions shall apply:

(a) Dosing . Company shall not exceed the maximum allowable dosing levels of Captisol specified in *Exhibit E* hereto without the written consent of CyDex.

(b) Review of Protocol . Company shall provide information regarding each protocol pertaining solely to the use and administration of Captisol for each Study and agrees to allow CyDex to review and comment upon the aspects of such protocol which pertain solely to the use and administration of Captisol. Company shall **** any input that CyDex provides regarding such protocol to the extent it pertains solely to the use and administration of Captisol.

(c) Evaluation . If CyDex reasonably determines that such study would materially adversely affect a product utilizing Captisol, CyDex shall notify Company within the above-specified review periods, and the parties shall discuss and attempt to resolve the matter in good faith. If the parties cannot resolve such matter within **** days after CyDex notifies Company of such determination, then the dispute shall be presented to the Chief Executive Officer of each party, or his or her respective designee, for resolution. If the parties’ Chief Executive Officers, or their respective designees, cannot resolve the dispute within **** of being requested by a party to resolve such dispute, either party may initiate a short-form arbitration proceeding pursuant to Section 14.4(b) below.

(d) Compliance with Laws . Company represents and warrants that each Study will be performed in accordance with all applicable laws, regulations and requirements. Company will provide or cause to be provided all appropriate warnings to participants enrolled in each Study and obtain or cause to be obtained appropriate documentation of informed consent from all participants in each such Study.

(e) Adverse Events . Company agrees to immediately inform CyDex if any adverse effects are observed and ascribed to Captisol in any Study in accordance with Section 7.3 hereof. ****.

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(f) **** Within **** after the completion of the relevant Study, ****

(g) **Review of Regulatory Filings and Publications** . At least **** a submission of any proposed written publication material or regulatory submission (which shall be subject to the restrictions of Section 8 hereof), Company shall provide to CyDex for CyDex's review and comment a copy of any proposed written publication, material or regulatory submission reporting results of a Study where such publication material containing Captisol data alone (and not in conjunction with the Licensed Product) or refers solely to the use and administration of Captisol or to ****. Company shall give due consideration and reasonably incorporate any input that CyDex provides regarding Captisol or ****.

6.4 ****

6.5 ****

7. REGULATORY MATTERS.

7.1 Captisol Information Submitted for Regulatory Review . Except as otherwise set forth herein, Company shall be solely responsible for all communications with regulatory agencies in connection with the Licensed Product. Notwithstanding the foregoing, Company shall provide CyDex with copies of the portions of all regulatory submissions containing Captisol data alone (and not in conjunction with any product formulation) sixty (60) days prior to submission and shall allow CyDex to review and comment upon said submissions. If CyDex reasonably determines that any such submission would materially adversely affect another product utilizing Captisol, CyDex shall notify Company within **** of receipt of such submission, and the parties shall discuss and attempt to resolve the matter in good faith. If the parties cannot resolve such matter within **** after CyDex notifies Company of such a determination, then the dispute shall be presented to the Chief Executive Officer of each party, or his or her respective designee, for resolution. If the parties' Chief Executive Officers, or their respective designees, cannot resolve the dispute within **** of being requested by a party to resolve such dispute, either party may initiate a short-form arbitration proceeding pursuant to Section 14.4(b) below. ****

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****.

7.2 Material Safety . CyDex shall provide Company, in writing, from time to time, with (a) relevant information currently known to it regarding handling precautions, toxicity and hazards with respect to Captisol, and (b) the then-current material safety data sheet for Captisol. Notwithstanding the foregoing or anything in this Agreement to the contrary, Company is solely responsible for (i) use of all documentation provided by CyDex, including without limitation, use in any regulatory submission to the FDA or any other regulatory agency in the Territory, (ii) document control and retention, and (iii) determining the suitability of any documentation provided by CyDex hereunder for use in any regulatory submission.

7.3 Adverse Event Reporting . Company shall adhere, and shall require that its Affiliates, Sublicensees, co-marketers and distributors adhere, to all requirements of applicable law and regulations that relate to the reporting and investigation of any adverse event, including without limitation an unfavorable and unintended diagnosis, symptom, sign (including an abnormal laboratory finding), syndrome or disease, whether or not considered Captisol or Licensed Product-related, which occurs or worsens following administration of Captisol or Licensed Product. Company shall provide CyDex with summaries of all reports of any such adverse event which is serious (any such adverse event involving Captisol **** that results in death, is life-threatening, requires or prolongs inpatient hospitalization, results in disability, congenital anomaly or is medically important (i.e., may require other medical or surgical intervention to prevent other serious criteria from occurring)) which Company has reason to believe are associated with Captisol within **** days following (i) Company's submission of any such report to any regulatory agency, or (ii) receipt from Company's Sublicensee, co-marketer or distributor of any such report to any regulatory agency. **** Reports from Company shall be delivered to the attention of Vice President, Chief Scientific Officer, CyDex, with a copy to Chief Executive Officer, CyDex, at the address set forth in Section 14.7. The parties shall mutually cooperate with regard to investigation of any such serious adverse event, whether experienced by Company, CyDex or any other Affiliate, Sublicensee, co-marketer or distributor of CyDex or Company.

7.4 Product Recalls . If any Captisol should be alleged or proven not to meet the Specifications, Company shall notify CyDex immediately, and both parties shall cooperate fully regarding the investigation and disposition of any such matter. **** Company shall maintain records of all sales of Licensed Product and customers sufficient to adequately administer any such recall, for a period of **** after expiration or termination of this Agreement.

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8. CONFIDENTIALITY .

8.1 Definition . Company and CyDex each recognizes that during the Term, it may be necessary for a party (the “ **Disclosing Party** ”) to provide Confidential Information (as defined herein) to the other party (the “ **Receiving Party** ”) that is highly valuable, the disclosure of which would be highly prejudicial to such party. The disclosure and use of Confidential Information will be governed by the provisions of this Section 8. Neither Company nor CyDex shall use the other’s Confidential Information except as expressly permitted in this Agreement. For purposes of this Agreement, “ **Confidential Information** ” means all information disclosed by the Disclosing Party to the Receiving Party and designated in writing by the Disclosing Party as “Confidential” (or equivalent), and all material disclosed orally which is declared to be confidential by the Disclosing Party and confirmed in a writing delivered to the Receiving Party within **** of such disclosure, including but not limited to product specifications, data, know-how, formulations, product concepts, sample materials, business and technical information, financial data, batch records, trade secrets, processes, techniques, algorithms, programs, designs, drawings, and any other information related to a party’s present or future products, sales, suppliers, customers, employees, investors or business. Without limiting the generality of the foregoing, CyDex’s Confidential Information includes all materials provided as part of the Captisol Data Package.

8.2 Obligation . CyDex and Company agree that they will disclose the other’s Confidential Information to its own officers, employees, consultants and agents only if and to the extent necessary to carry out their respective responsibilities under this Agreement or in accordance with the exercise of their rights under this Agreement, and such disclosure shall be limited to the maximum extent possible consistent with such responsibilities and rights. Company may also disclose (i) the financial terms of this Agreement to third parties which are potential Sublicensees, and (ii) other Confidential Information of CyDex to third parties which are actual Sublicensees, *provided* that Company shall first obtain the written agreement of each such third party **** to comply with the obligations of Licensee under this Section 8.2 **** and such disclosure shall be limited to the maximum extent possible. Unless expressly permitted by the terms of this Section 8.2, neither party shall disclose Confidential Information of the other to any third party without the other’s prior consent, and any such permitted disclosure to a third party shall be pursuant to the terms of a non-disclosure agreement no less restrictive than this Section 8. Each party shall take such action to preserve the confidentiality of each other’s Confidential Information as it would customarily take to preserve the confidentiality of its own Confidential Information (but in no event less than a reasonable standard of care). Each party, upon the other’s request, will return all the Confidential Information disclosed to the other party pursuant to this Agreement, including all copies and extracts of documents, within **** of the request, and in any event, promptly following the expiration or termination of this Agreement.

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8.3 Exceptions . The use and non-disclosure obligations set forth in this Section 8 shall not apply to any Confidential Information, or portion thereof, that the Receiving Party can demonstrate:

(i) at the time of disclosure is in the public domain;

(ii) after disclosure, becomes part of the public domain, by publication or otherwise, through no fault of the Receiving Party;

(iii) at the time of disclosure is already in the Receiving Party's possession, and such prior possession can be properly demonstrated by the Receiving Party, with the exception of Confidential Information exchanged between parties prior to the execution of this Agreement; or

(iv) is made available to the Receiving Party by an independent third party, provided, however, that to the Receiving Party's knowledge, such information was not obtained by said third party, directly or indirectly, from the Disclosing Party hereunder.

In addition, the Receiving Party may disclose information that is required to be disclosed by law, by a valid order of a court or by order or regulation of a governmental agency including but not limited to, regulations of the United States Securities and Exchange Commission (the "SEC"), or in the course of litigation, *provided* that in all cases the Receiving Party shall give the other party prompt notice of the pending disclosure and makes a reasonable effort to obtain, or to assist the Disclosing Party in obtaining, a protective order preventing or limiting the disclosure and/or requiring that the Confidential Information so disclosed be used only for the purposes for which the law or regulation required, or for which the order was issued.

8.4 Injunction . Each party agrees that should it breach or threaten to breach any provisions of this Section 8, the Disclosing Party will suffer irreparable damages and its remedy at law will be inadequate. Upon any breach or threatened breach by the Receiving Party of this Section 8, the Disclosing Party shall be entitled to seek injunctive relief in addition to any other remedy which it may have, without need to post any bond or security.

8.5 Third Party Information . Company acknowledges that CyDex's Confidential Information includes information developed by **** that is confidential to both CyDex and ****. In so far as Confidential Information of **** is disclosed, **** is a third-party beneficiary of this Section 8 of this Agreement and may enforce it or seek remedies pursuant to it in accordance with its terms.

9. REPRESENTATIONS AND WARRANTIES .

9.1 Mutual Representations and Warranties . Each party represents and warrants to the other as follows:

(i) it is a corporation duly organized and validly existing under the laws of the state or country of its incorporation;

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(ii) it has the complete and unrestricted power and right to enter into this Agreement and to perform its obligations hereunder;

(iii) this Agreement has been duly authorized, executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable against such party in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent transfer, or other similar laws affecting the rights and remedies of creditors generally and by general principles of equity;

(iv) the execution, delivery and performance of this Agreement by such party do not conflict with any agreement, instrument or understanding, oral or written, to which such party is a party or by which such party may be bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over such party;

(v) all consents, approvals and authorizations from all governmental authorities or other third parties required to be obtained by such party in connection with the execution and delivery of this Agreement have been obtained;

(vi) no person or entity has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or valid claim against or upon such party for any commission, fee or other compensation as a finder or broker because of any act by such party or its agents, or, with respect to Company, because of any act by its Affiliates or Sublicensees; and

(vii) it has not entered into any agreement with any third party that is in conflict with the rights granted to the other party pursuant to this Agreement.

9.2 Limited Warranty . CyDex warrants solely to Company that all Captisol sold to Company shall (i) conform to the respective Specifications (as applicable for Research Grade Captisol, Clinical Grade Captisol or Commercial Grade Captisol) in all material respects at the time of delivery; and (ii) shall have been manufactured under conditions of current good manufacturing practices for bulk excipients as set forth in U.S. Pharmacopoeia <1078> and the process described in the DMF. ****

9.3 Disclaimer . THE WARRANTIES SET FORTH IN THIS SECTION 9 ABOVE ARE PROVIDED IN LIEU OF, AND EACH PARTY HEREBY DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT, CAPTISOL, THE LICENSED PATENTS OR THE CAPTISOL DATA PACKAGE, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. CYDEX'S WARRANTIES UNDER THIS AGREEMENT ARE SOLELY FOR THE BENEFIT OF COMPANY AND MAY BE ASSERTED ONLY BY COMPANY AND NOT BY ANY AFFILIATE, SUBLICENSEE OR

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ANY CUSTOMER OF COMPANY, ITS AFFILIATES OR SUBLICENSEES. COMPANY, ITS AFFILIATES AND SUBLICENSEES SHALL BE SOLELY RESPONSIBLE FOR ALL REPRESENTATIONS AND WARRANTIES THAT COMPANY, ITS AFFILIATES OR SUBLICENSEES MAKE TO ANY CUSTOMER OF COMPANY, ITS AFFILIATES OR SUBLICENSEES.

10. I NDEMNIFICATION .

10.1 By CyDex . CyDex shall defend, indemnify and hold Company and its Affiliates and Sublicensees, and each of their respective directors, officers and employees, harmless from and against any and all losses, damages, liabilities, costs and expenses (including the reasonable costs and expenses of attorneys and other professionals) (collectively “ **Losses** ”) incurred by Company as a result of any claim, demand, action or other proceeding (each, a “ **Claim** ”) by a third party, to the extent such Losses arise out of ****.

10.2 By Company . Company shall defend, indemnify and hold CyDex and its Affiliates, and each of their respective directors, officers and employees, harmless from and against any and all Losses incurred by CyDex as a result of any Claim by a third party, to the extent such Losses arise out of: ****.

10.3 Expenses . ****

10.4 Procedure . The party intending to claim indemnification under this Section 10 (an “ **Indemnitee** ”) shall promptly notify the other party (the “ **Indemnitor** ”) of any Claim in respect of which the Indemnitee intends to claim such indemnification, and the Indemnitor shall assume the defense thereof whether or not such Claim is rightfully brought; *provided , however* , that an Indemnitee shall have the right to retain its own counsel, with the fees and expenses to be paid by the Indemnitee, unless Indemnitor does not assume the defense, in which case the reasonable fees and expenses of counsel retained by the Indemnitee shall be paid by the Indemnitor. The Indemnitee, and its employees and agents, shall cooperate fully with the Indemnitor and its legal representatives in the investigations of any Claim. The Indemnitor shall not be liable for the indemnification of any Claim settled or compromised by the Indemnitee without the written consent of the Indemnitor.

11. L IMITATION OF L IABILITY .

**** ALL LIABILITY FOR AND SHALL IN NO EVENT BE LIABLE FOR ANY INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL

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DAMAGES, EXPENSES, LOST PROFITS, LOST SAVINGS, INTERRUPTIONS OF BUSINESS OR OTHER DAMAGES OF ANY KIND OR CHARACTER WHATSOEVER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR RESULTING FROM THE MANUFACTURE, HANDLING, MARKETING, SALE, DISTRIBUTION OR USE OF LICENSED PRODUCT OR USE OF THE LICENSED PATENTS AND CAPTISOL DATA PACKAGE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF **** WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. **** TOTAL AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED ****. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF OR RELATED TO THIS AGREEMENT MAY BE BROUGHT BY EITHER PARTY MORE THAN **** AFTER SUCH PARTY HAS KNOWLEDGE OF THE OCCURRENCE THAT GAVE RISE TO THE CAUSE OF SUCH ACTION.

12. M ANAGEMENT OF L ICENSED P ATENTS .

12.1 Prosecution and Maintenance . **** shall maintain, at its sole cost and expense and using reasonable discretion, the Licensed Patents set forth on Exhibit A. **** the prosecution and maintenance of patent applications and the selection of countries where patent applications are filed related to the Licensed Patents.

12.2 Infringement by Third Parties . If **** becomes aware that a third party may be infringing a Licensed Patent, it will promptly notify **** in writing, providing all information available to **** regarding the potential infringement. **** shall take whatever, if any, action it deems appropriate, in its sole discretion, against the alleged infringer. If **** elects to take action, **** shall, at **** request and expense, cooperate and shall cause its employees to cooperate with **** in taking any such action, including but not limited to, cooperating with the prosecution of any infringement suit by ****. **** shall not take any such action against the alleged infringer without the written consent of ****.

13. T ERM AND T ERMINATION .

13.1 Term . The term of this Agreement (the “ **Term** ”) shall commence on the Effective Date and shall continue in effect thereafter until the expiration of Company’s obligation to pay royalties under Section 4.1(c), unless terminated earlier as set forth herein.

13.2 Termination by CyDex . If Company should violate or fail to perform any term or covenant of this Agreement, then CyDex may give written notice of such default (a “ **Notice of Default** ”) to Company. If Company should fail to cure such default within thirty (30) days (or ten (10) days with respect to any payment obligation) of the date of such notice or prior to the natural expiration date of this Agreement, whichever is shorter in duration, CyDex shall have the

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right to terminate this Agreement by a second written notice (a “**Notice of Termination**”) to Company. If Notice of Termination is sent to Company, this Agreement shall automatically terminate on the effective date of such notice. Notwithstanding the above, failure to pay milestones or royalties as described in Section 4 above will result in termination of this Agreement immediately upon delivery of a Notice of Termination to Company. In addition, CyDex may terminate this Agreement immediately upon written notice to Company in the event Company makes an assignment for the benefit of creditors or has a petition in bankruptcy filed for or against it that is not dismissed within ninety (90) days of such filing.

13.3 Termination by Company . Company shall have the right at any time to terminate this Agreement in whole by giving CyDex at least ninety (90) days prior written notice or at least forty-five (45) days prior written notice in the event of a material breach.

13.4 Effect of Termination . Following the termination or expiration of this Agreement, all rights granted to Company herein shall immediately terminate and each party shall promptly return all relevant records and materials in its possession or control containing the other party’s Confidential Information with respect to which the former party does not retain rights hereunder; *provided , however* , that each party may retain one archival copy of such records and materials solely to be able to monitor its obligations that survive under this Agreement.

13.5 Survival . Notwithstanding any other provisions of this Agreement, any liability or obligation of either party to the other for acts or omissions prior to the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement. Such termination or expiration shall not relieve either party from obligations that are expressly indicated to survive termination or expiration of this Agreement, nor shall any termination or expiration of this Agreement relieve Company of its obligation to pay CyDex (a) royalties for all Licensed Product sold by Company, its Affiliates or Sublicensees prior to the effective date of such expiration or termination, or (b) sums due in respect of Captisol shipped prior to termination or expiration of this Agreement. Unless terminated for material breach by Company, Sections 2.2 (Grant of License from Company to CyDex), 3.5 (Quality Control; Acceptance and Rejection), 4.1 (Payments and Royalties for Licenses), 4.3 (Currency), 4.4 (Taxes), 4.5 (Late Payments), 5 (Records; Reports; Audits), 6.3(f) (Reporting and Study Data), 6.5 (Access to Company’s Data), 7.3 (Adverse Event Reporting), 7.4 (Product Recalls), 8 (Confidentiality), 9.3 (Disclaimer), 10 (Indemnification), 11 (Limitation of Liability), 13.4 (Effect of Termination), 13.5 (Survival), and 14 (General Provisions) shall survive termination or expiration of this Agreement.

14. GENERAL PROVISIONS .

14.1 Non-Solicitation . During the Term and for a period of **** thereafter, neither party shall solicit, induce, encourage or attempt to induce or encourage any employee of the other party to terminate his or her employment with such other party or to breach any other obligation to such other party. This section is not meant to encompass general solicitations such as may be found in newspaper advertisements and the like.

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14.2 Relationship of Parties . Each of the parties hereto is an independent contractor and nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, employer-employee or joint venture relationship between the parties. No party shall incur any debts or make any commitments for the other.

14.3 Compliance with Law . Company agrees that use of the Licensed Patents and Captisol Data Package by Company and its Affiliates and Sublicensees, and the manufacture, handling, marketing, sale, distribution and use of Licensed Product, will comply with all applicable international, federal, state and local laws, rules and regulations, including, but not limited to, import/export restrictions, laws, rules and regulations governing use and patent, copyright and trade secret protection.

14.4 Arbitration .

(a) Procedure . Except as otherwise expressly set forth in Section 14.4(b) below, any and all disputes or controversies arising out of or relating to this Agreement shall be exclusively and finally resolved by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association then in effect, in ****. The arbitration shall be conducted by an arbitrator reasonably knowledgeable about the pharmaceutical industry and acceptable to CyDex and Company. If CyDex and Company cannot agree on a single arbitrator within **** after a demand for arbitration has been made, CyDex shall appoint an arbitrator, Company shall appoint an arbitrator, the two (2) arbitrators shall appoint a third arbitrator, and the three (3) arbitrators shall hear and decide the issue in controversy. If either party fails to appoint an arbitrator within **** after service of the demand for arbitration, then the arbitrator appointed by the other party shall arbitrate any controversy in accordance with this Section 14.4(a). Except as to the selection of arbitrators, the arbitration proceedings shall be conducted promptly and in accordance with the rules of the American Arbitration Association then in effect. ****

(b) Short-Form Arbitration . Any dispute subject to short-form arbitration as provided in this Agreement shall be exclusively and finally resolved by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association then in effect, in **** by a single arbitrator reasonably knowledgeable about the pharmaceutical industry and appointed in accordance with such rules. Such arbitrator shall make his or her determination on the basis of ****. ****. In each case, the parties and arbitrator shall use all diligent efforts to complete such arbitration within **** of appointment of the arbitrator.

(c) Confidentiality of Proceedings . All arbitration proceedings hereunder shall be confidential and the arbitrator(s) shall issue appropriate protective orders to safeguard each party's Confidential Information. Except as required by law, no party shall make (or instruct the arbitrator(s) to make) any public announcement with respect to the proceedings or decision of the arbitrator(s) without prior written consent of the other party.

CONFIDENTIAL TREATMENT REQUESTED

(d) Interim Equitable Relief . Each party shall, in addition to all other remedies accorded by law and permitted by this Agreement, be entitled to equitable relief (including but not limited to interim injunctive relief) in any court having jurisdiction to protect its interests. Neither party shall commence any court proceeding or action against the other to resolve any dispute, except (i) to enforce an arbitral award rendered pursuant to this Section 14.4, or (ii) for such interim injunctive relief.

(e) Binding Effect . The provisions of this Section 14.4 shall survive any expiration or termination of this Agreement, and shall be severable and binding on the parties hereto, notwithstanding that any other provision of this Agreement may be held or declared to be invalid, illegal or unenforceable.

14.5 Costs and Expenses . Except as otherwise expressly provided in this Agreement, each party shall bear all costs and expenses associated with the performance of such party's obligations under this Agreement.

14.6 Force Majeure . Neither party shall be liable for failure to perform, or delay in the performance of, its obligations under this Agreement (other than payment obligations) when such failure or delay is caused by an event of *force majeure* . For purposes of this Agreement, an event of *force majeure* means any event or circumstance beyond the reasonable control of the affected party, including but not limited to, war, insurrection, riot, fire, flood or other unusual weather condition, explosion, act of God, peril of the sea, strike, lockout or other industrial disturbance, sabotage, accident, embargo, breakage of machinery or apparatus, injunction, act of governmental authority, compliance with governmental order on national defense requirements, or inability to obtain fuel, power, raw materials, labor or transportation facilities. If, due to any event of *force majeure* , either party shall be unable to fulfill its obligations under this Agreement (other than payment obligations), the affected party shall immediately notify the other party of such inability and of the period during which such inability is expected to continue.

14.7 Notices . Any notice, request, or communication under this Agreement shall be effective only if it is in writing and personally delivered; sent by certified mail, postage pre-paid; facsimile with receipt confirmed; or by nationally recognized overnight courier with signature required, addressed to the parties at the addresses stated below or such other persons and/or addresses as shall be furnished in writing by any party in accordance with this Section 14.7. Unless otherwise provided, all notices shall be sent:

If to CyDex, to:

CyDex Pharmaceuticals, Inc.
10513 W. 84th Terrace
Lenexa, KS 66214
Attention: President
Fax: (913) 685-8856

CONFIDENTIAL TREATMENT REQUESTED

If to Company, to.

Neuron Systems
15 New England Executive Park
Burlington, MA 01803 Attention: President
Fax: (781) 270-0630

If sent by facsimile transmission, the date of transmission shall be deemed to be the date on which such notice, request or communication was given. If sent by overnight courier, the next business day after the date of deposit with such courier shall be deemed to be the date on which such notice, request or communication was given. If sent by certified mail, the third business day after the date of mailing shall be deemed the date on which such notice, request or communication was given.

14.8 Use of Name . **** hereby grants a non-exclusive, nontransferable license to use its name, logo and other trademarks in connection with marketing and other materials for customers, investors and potential customers and investors, including but not limited to use in connection with materials filed with the SEC or other regulatory agencies. Except as otherwise provided herein, **** shall have any right, express or implied, to use in any manner the name or other designation of the other party or any other trade name or trademark of the other party for any purpose, except as may be required by applicable law or regulation.

14.9 Public Announcements . Except for such disclosure as is deemed necessary, in the reasonable judgment of a party, to comply with applicable laws or regulations, securities filings or the rules of the NYSE or NASDAQ, no announcement, news release, public statement, publication, or presentation relating to the existence of this Agreement, or the terms hereof, will be made without the other party's prior written approval, which approval shall not be unreasonably withheld. Notwithstanding the above, once the content and timing of a public announcement of the fact that the parties have entered into this Agreement has been agreed to between the parties and such announcement has been made, **** shall be free to disclose to third parties the fact that it has entered into the Agreement with **** (including a description of the field of use of the Licensed Product, but without disclosing the economic terms thereof), as well as any other information contained in said public announcement. In the event of a required public announcement, the party making such announcement shall provide the other party with a copy of the proposed text prior to such announcement sufficiently in advance of the scheduled release of such announcement to afford such other party a reasonable opportunity to review and comment upon the proposed text and the timing of such disclosure.

14.10 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to any conflicts of law principles that require the application of the law of a different state).

14.11 Entire Agreement; Amendment . This Agreement and all Exhibits attached hereto or thereto contain the entire agreement of the parties relating to the subject matter hereof and supersede any and all prior agreements, written or oral, between CyDex and Company relating to the subject matter of this Agreement. This Agreement may not be amended unless agreed to in writing by both parties.

CONFIDENTIAL TREATMENT REQUESTED

14.12 Binding Effect . This Agreement shall be binding upon, and the rights and obligations hereof shall apply to the CyDex and Company and any successor(s) and permitted assigns. The name of a party appearing herein shall be deemed to include the names of such party's successors and permitted assigns to the extent necessary to carry out the intent of this Agreement.

14.13 Waiver . The rights of either party under this Agreement may be exercised from time to time, singularly or in combination, and the exercise of one or more such rights shall not be deemed to be a waiver of any one or more of the others. No waiver of any breach of a term, provision or condition of this Agreement shall be deemed to have been made by either party unless such waiver is addressed in writing and signed by an authorized representative of that party. The failure of either party to insist upon the strict performance of any of the terms, provisions or conditions of this Agreement, or to exercise any option contained in this Agreement, shall not be construed as a waiver or relinquishment for the future of any such term, provision, condition or option or the waiver or relinquishment of any other term, provision, condition or option.

14.14 Severability . If a final judicial determination is made that any provision of this Agreement is unenforceable, this Agreement shall be rendered void only to the extent that such judicial determination finds such provisions unenforceable, and such unenforceable provisions shall be automatically reconstituted and become a part of this Agreement, effective as of the date first written above, to the maximum extent they are lawfully enforceable.

14.15 Assignment . Neither party may assign its rights or delegate its obligations under this Agreement, in whole or in part, by operation of law or otherwise, to any third party without the prior written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, a Party may assign its rights and delegate its obligations under this Agreement to an Affiliate or to a third party successor, whether by way of merger, sale of all or substantially all of its assets pertaining to the subject matter of this Agreement, sale of stock or otherwise, without the other Party's consent. Except in the case of a merger, sale of all or substantially all of its assets pertaining to the subject matter of this Agreement, as a condition to any other permitted assignment hereunder, the assignor must guarantee the performance of any assignee to the terms and obligations of this Agreement. Any assignment not in accordance with this Section 14.15 shall be void.

14.16 Headings . The descriptive headings of this Agreement are for convenience only, and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

14.17 Counterparts . This Agreement may be executed in two counterparts, each of which shall constitute an original document, but both of which shall constitute one and the same instrument.

[Remainder of this page left blank intentionally]

CONFIDENTIAL TREATMENT REQUESTED

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CYDEX PHARMACEUTICALS, INC.

By: _____

Name: _____

Title: _____

NEURON SYSTEM, INC

By: _____

Name: _____

Title: _____

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT C

PURCHASE PRICE FOR CAPTISOL

Clinical Grade

Individual Order Quantity

Price

Commercial Grade

Annual Order Quantity

Price

GDSVF&H\1743342.4

LICENSE AND SUPPLY AGREEMENT

EXHIBIT C-1

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT D

SPECIFIED DILIGENCE REQUIREMENTS

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LICENSE AND SUPPLY AGREEMENT

EXHIBIT D-1

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

EXHIBIT E

CAPTISOL DOSING

CAPTISOL MATRIX: PRE-CLINICAL DOSING KNOWLEDGE

<u>Species</u>	<u>Duration</u>	<u>IV Bolus</u>	<u>IV Continuous Infusion</u>	<u>Subcutaneous Injection</u>		<u>Subcutaneous Implantable Device</u>		<u>Oral Solution (Gavage)</u>	<u>Oral Solid</u>	<u>Inhalation Solution</u>	
		<u>(mg/kg)</u>	<u>(mg/kg/hour)</u>	<u>(mg/kg/day)</u>	<u>Sites</u>	<u>(mg/kg/day)</u>	<u>MiniPumps</u>	<u>(mg/kg/day)</u>	<u>(mg/kg)</u>	<u>(mg/kg)</u>	<u>Nominal Dose (mg/kg)</u>
****	****	****	****	****	****	****	****	****	****	****	****
****	****	****	****	****	****	****	****	****	****	****	****
****	****	****	****	****	****	****	****	****	****	****	****
****	****	****	****	****	****	****	****	****	****	****	****
****	****	****	****	****	****	****	****	****	****	****	****

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