

# ALDEYRA THERAPEUTICS, INC.

## FORM DEF 14A (Proxy Statement (definitive))

Filed 04/25/18 for the Period Ending 06/07/18

Address	131 HARTWELL AVENUE SUITE 320 LEXINGTON, MA, 02421
Telephone	781-761-4904
CIK	0001341235
Symbol	ALDX
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

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

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**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

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Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**ALDEYRA THERAPEUTICS, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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April 25, 2018

You are cordially invited to attend the 2018 Annual Meeting of Stockholders of Aldeyra Therapeutics, Inc. that will be held on Thursday, June 7, 2018 at 10:00 a.m. local time, at the offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Marina Park Drive, Suite 900, Boston, MA 02210.

Details regarding admission to the Annual Meeting and the business to be conducted are described in the accompanying proxy materials. Also included is a copy of our annual report on Form 10-K for the year ended December 31, 2017. We encourage you to read this information carefully.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, by telephone or by mailing a proxy card, if you have requested one. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting regardless of whether or not you attend in person. Please review the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail regarding each of these voting options.

Thank you for your ongoing support of Aldeyra.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd C. Brady", is written over a faint, light-colored circular stamp or watermark.

Todd C. Brady, M.D., Ph.D.  
*Chief Executive Officer, President and Director*

**ALDEYRA THERAPEUTICS, INC.**  
**131 Hartwell Avenue, Suite 320**  
**Lexington, Massachusetts 02421**

**NOTICE OF ANNUAL MEETING**  
**FOR 2018 ANNUAL MEETING OF STOCKHOLDERS**

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- Time and Date:** Thursday, June 7, 2018 at 10:00 a.m. local time.
- Place:** Offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Marina Park Drive, Suite 900, Boston, MA 02210.
- Items of Business:**
- Proposal 1* : To elect the two directors named in the proxy statement accompanying this notice to serve as Class I directors until the annual meeting held in 2021 and until their successors are duly elected and qualified.
- Proposal 2* : To ratify the appointment of BDO USA, LLP as Aldeyra Therapeutics, Inc.'s independent registered public accounting firm for the year ending December 31, 2018.
- Proposal 3* : To approve an amendment to Aldeyra Therapeutics' 2013 Equity Incentive Plan (2013 Plan) to modify the automatic "evergreen" provisions regarding the number of shares to be annually added to the 2013 Plan and implement limitations on the value of equity that may be granted under the 2013 Plan to a non-employee director during a calendar year.
- To transact such other business as may properly come before the annual meeting or any adjournment thereof.
- These items of business are more fully described in the proxy statement accompanying this notice.
- Adjournments and Postponements:** Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
- Record Date:** You are entitled to vote if you were a stockholder of record as of the close of business on April 13, 2018.
- Voting:** Your vote is very important. Whether or not you plan to attend the annual meeting, we encourage you to read the proxy statement and vote on the Internet or by telephone or submit your proxy card, if you have requested one, as soon as possible. For specific instructions on how to vote your shares, please refer to the section entitled "Questions and Answers About Procedural Matters."

A Notice of Internet Availability of Proxy Materials (Notice) has been mailed to stockholders of record on or about April 25, 2018. The Notice contains instructions on how to access our proxy statement for our 2018 Annual Meeting of Stockholders and our annual report on Form 10-K for the year ended December 31, 2017 (together, the proxy materials). The Notice also provides instructions on how to vote online, by telephone or by mail and includes instructions on how to receive a paper copy of proxy materials by mail. The proxy materials can be accessed directly at the following Internet address: [www.proxyvote.com](http://www.proxyvote.com).

If you have any questions regarding this information or the proxy materials, please visit our website at [www.aldeyra.com](http://www.aldeyra.com) or contact Stephen J. Tulipano, our Chief Financial Officer, at (781) 761-4904, ext. 205.

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All stockholders are cordially invited to attend the annual meeting in person.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to be "T. Brady", written over a faint circular stamp or watermark.

Todd C. Brady, M.D., Ph.D.  
*Chief Executive Officer, President and Director*

*This notice of annual meeting, proxy statement and accompanying form of proxy card are being made available on or about April 25, 2018.*

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**ALDEYRA THERAPEUTICS, INC.**  
**131 Hartwell Avenue, Suite 320**  
**Lexington, Massachusetts 02421**

**PROXY STATEMENT FOR 2018 ANNUAL MEETING OF STOCKHOLDERS**

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This proxy statement is furnished in connection with solicitation of proxies by our Board of Directors for use at the 2018 Annual Meeting of Stockholders (the Annual Meeting) to be held at 10:00 a.m. local time on Thursday, June 7, 2018, and any postponements or adjournments thereof. The Annual Meeting will be held at the offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Marina Park Drive, Suite 900, Boston, MA 02210. Beginning on or about April 25, 2018, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our proxy materials. As used in this proxy statement, the terms “Aldeyra,” the “Company,” “we,” “us,” and “our” mean Aldeyra Therapeutics, Inc. unless the context indicates otherwise.

**QUESTIONS AND ANSWERS ABOUT PROCEDURAL MATTERS**

**Annual Meeting**

**Q: Why am I receiving these proxy materials?**

A: Our Board of Directors is providing these proxy materials to you in connection with the solicitation of proxies for use at the Annual Meeting to be held on Thursday, June 7, 2018 at 10:00 a.m. local time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters set forth herein. The notice of Annual Meeting, this proxy statement and accompanying form of proxy card are being made available to you on or about April 25, 2018. This proxy statement includes information that we are required to provide to you under SEC rules and that is designed to assist you in voting your shares.

**Q: What is included in the proxy materials?**

A: The proxy materials include:

- This proxy statement for the Annual Meeting;
- Our annual report on Form 10-K for the year ended December 31, 2017 (the 2017 Annual Report); and
- The proxy card or a voting instruction form for the Annual Meeting, if you have requested that the proxy materials be mailed to you.

**Q: How can I get electronic access to the proxy materials?**

A: The Company’s proxy materials are available at [www.proxyvote.com](http://www.proxyvote.com) and at <http://ir.aldeyra.com>. Our website address is included for reference only. The information contained on our website is not incorporated by reference into this proxy statement.

You can find directions on how to instruct us to send future proxy materials to you by email at [www.proxyvote.com](http://www.proxyvote.com). Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

**Q: What information is contained in this proxy statement?**

A: The information in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of our directors and certain of our executive officers, corporate governance, and certain other required information.

**Q: Where is the Annual Meeting?**

A: The Annual Meeting will be held at the offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Marina Park Drive, Suite 900, Boston, MA 02210.

**Q: Can I attend the Annual Meeting?**

A: You are invited to attend the Annual Meeting if you were a stockholder of record or a beneficial owner as of April 13, 2018 (the Record Date). Admission will begin at 9:30 a.m. local time on the date of the Annual Meeting, and you must present valid picture identification such as a driver's license or passport and, if asked, provide proof of stock ownership as of the Record Date. The use of mobile phones, pagers, recording or photographic equipment, tablets and/or computers is not permitted at the Annual Meeting. The meeting will begin promptly at 10:00 a.m. local time.

**Stock Ownership**

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: *Stockholders of record* — If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC (AST), you are considered, with respect to those shares, the “stockholder of record,” and the Notice was provided to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

*Beneficial owners* — Many Aldeyra stockholders hold their shares through a broker, trustee or other nominee, rather than directly in their own name. If your shares are held in a brokerage account or by a bank or another nominee (commonly referred to as being held in “street name”), you are considered the “beneficial owner” of such shares. The Notice was forwarded to you by your broker, trustee or nominee who is considered, with respect to those shares, the stockholder of record.

As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, since beneficial owners are not stockholders of record, you may not vote your shares in person at the Annual Meeting unless you follow your broker's procedures for obtaining a legal proxy. If you request a printed copy of the proxy materials by mail, your broker or nominee will provide a voting instruction card for you to use.

**Quorum and Voting**

**Q: How many shares must be present or represented to conduct business at the Annual Meeting?**

A: A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our Bylaws and Delaware state law. The presence, in person or by proxy, of a majority of the aggregate voting power of the issued and outstanding shares of stock entitled to vote generally in the election of directors will constitute a quorum at the meeting.

A proxy submitted by a stockholder may indicate that the shares represented by the proxy are not being voted with respect to a particular matter.

Under the General Corporation Law of the State of Delaware, abstentions and broker “non-votes” are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

**Q: Who is entitled to vote at the Annual Meeting?**

A: Holders of record of our common stock at the close of business on the Record Date are entitled to receive notice of and to vote their shares at the Annual Meeting. As of the Record Date, we had 19,664,921 shares of common stock outstanding. In deciding all matters at the Annual Meeting, each holder of common stock of Aldeyra will be entitled to one vote for each share of common stock held as of the close of business on the Record Date. We do not have cumulative voting rights for the election of directors.

**Q: How can I vote my shares in person at the Annual Meeting?**

A: Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares. **Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy card, if you have requested one, or following the voting directions described below, so that your vote will be counted if you later decide not to attend the meeting.**

**Q: How can I vote my shares without attending the Annual Meeting?**

A: *Stockholder of record* — If you are a stockholder of record, there are three ways to vote without attending the Annual Meeting:

- *Via the Internet* — You may vote by proxy via the Internet by following the instructions provided in the Notice or, if you requested printed copies of the proxy materials by mail, by following the instructions provided in the proxy card.
- *By Telephone* — You may vote by proxy by telephone by following the instructions provided in the Notice or, if you requested printed copies of the proxy materials by mail, by calling the toll free number found on the proxy card.
- *By Mail* — If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by filling out the proxy card and returning it in the envelope provided.

*Beneficial owners* — If you are a beneficial owner holding shares through a bank, broker or other nominee, please refer to your Notice or other information forwarded by your bank or broker to see which voting options are available to you.

**Q: What happens if I do not give specific voting instructions?**

A: *Stockholder of record* — If you are a stockholder of record and you:

- Indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors; or
- Sign and return a proxy card without giving specific voting instructions,

then the persons named as proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

*Beneficial owners* — If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the

organization that holds your shares may generally vote on “routine” matters but cannot vote on “non-routine” matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a “broker non-vote.”

**Q: What proposals will be voted on at the Annual Meeting?**

A: The following chart sets forth the proposals scheduled for a vote at the Annual Meeting, our Board of Directors recommendation with respect to such proposals, the vote required for such proposals to be approved and whether broker discretionary voting is allowed on such proposal.

<u>Proposal</u>	<u>Board Recommendation</u>	<u>Vote Required</u>	<u>Broker Discretionary Voting Allowed</u>
<b>Proposal 1:</b> Elect two directors to serve as Class I directors until the 2021 Annual Meeting of Stockholders.	<b>FOR</b>	Plurality	No
<b>Proposal 2:</b> Ratify the appointment of BDO USA, LLP as Aldeyra Therapeutics, Inc.’s independent registered public accounting firm for the year ending December 31, 2018.	<b>FOR</b>	Majority	Yes
<b>Proposal 3:</b> Approve an amendment to our 2013 Equity Incentive Plan (2013 Plan) to increase the aggregate number of shares authorized for issuance under the 2013 Plan and implement limitations on the value of equity that may be granted under the plan to a non-employee director during a calendar year.	<b>FOR</b>	Majority	No

*Plurality* means that the nominees for director receiving the greatest number of votes will be elected. Withheld votes and “broker non-votes” will have no effect on the election of a nominee.

*Majority* means that a proposal that receives an affirmative vote from the holders of a majority of the outstanding shares of common stock present in person or represented by proxy at the Annual Meeting. Abstentions and broker non-votes will have the same effect as an “Against” vote on this proposal.

*Broker Discretionary Voting* occurs when a broker does not receive voting instructions from the beneficial owner and votes those shares in its discretion on any proposal on which it is permitted to vote.

**Q: What happens if additional matters are presented at the Annual Meeting?**

A: If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

**Q: Can I change or revoke my vote?**

A: Subject to any rules your broker, trustee or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Annual Meeting.

If you are a stockholder of record, you may change your vote by (1) filing with our Corporate Secretary, prior to your shares being voted at the Annual Meeting, a written notice of revocation or a duly executed proxy card, in either case dated later than the prior proxy card relating to the same shares, or (2) by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy). A stockholder of record that has voted on the Internet or by telephone may also change his or her vote by later making a timely and valid Internet or telephone vote.

If you are a beneficial owner of shares held in street name, you may change your vote (1) by submitting new voting instructions to your broker, trustee or other nominee or (2) if you have obtained a legal proxy from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares, by attending the Annual Meeting and voting in person.

Any written notice of revocation or subsequent proxy card must be received by our Corporate Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to our Corporate Secretary or should be sent so as to be delivered to our principal executive offices, Attention: Corporate Secretary.

**Q: Who will bear the cost of soliciting votes for the Annual Meeting?**

A: We will bear all expenses of this solicitation, including the cost of preparing and mailing these proxy materials. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of common stock for their reasonable expenses in forwarding solicitation material to such beneficial owners. Directors, officers and employees of Aldeyra may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. We may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Our costs for such services, if retained, will not be significant. If you choose to access the proxy materials and/or vote through the Internet, you are responsible for any Internet access charges you may incur.

**Q: Is my vote confidential?**

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Aldeyra or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy solicitation.

**Q: Where can I find the voting results of the Annual Meeting?**

A: We intend to announce preliminary voting results at the Annual Meeting and will publish final results in a current report on Form 8-K within four business days after the Annual Meeting.

**Stockholder Proposals and Director Nominations**

**Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?**

A: You may submit proposals, including director nominations, for consideration at future stockholder meetings.

*Requirements for stockholder proposals to be considered for inclusion in our proxy materials* — Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at our

next annual meeting of stockholders by submitting their proposals in writing to our Corporate Secretary in a timely manner. In order to be included in the proxy statement for the 2019 annual meeting of stockholders, stockholder proposals must be received by our Corporate Secretary no later than December 26, 2018, and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

*Requirements for stockholder proposals to be brought before an annual meeting* — In addition, our bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders. In general, nominations for the election of directors may be made by our Board of Directors or any committee thereof or any stockholder, who is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such meeting, who is entitled to vote at such meeting and who has delivered written notice to our Corporate Secretary no later than the Notice Deadline (as defined below), which notice must contain specified information concerning the nominees and concerning the stockholder proposing such nominations.

Our bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of our Board of Directors, (2) otherwise properly brought before the meeting by or at the direction of our Board of Directors (or any committee thereto) or (3) properly brought before the meeting by a stockholder who has delivered written notice to our Corporate Secretary no later than the Notice Deadline (as defined below).

The “Notice Deadline” is defined as that date which is not less than 90 days nor more than 120 days prior to the one year anniversary of the previous year’s annual meeting of stockholders. As a result, the Notice Deadline for the 2019 annual meeting of stockholders is between February 7, 2019 and March 9, 2019.

If a stockholder who has notified us of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, we need not present the proposal for vote at such meeting.

*Recommendation of director candidates* — You may recommend candidates to our Board of Directors for consideration by our nominating/corporate governance committee by following the procedures set forth below in “Corporation Governance — Stockholder Recommendations for Nominations to the Board of Directors.”

**Q: How may I obtain a copy of the bylaw provisions regarding stockholder proposals and director nominations?**

A: A copy of the full text of the bylaw provisions discussed above may be obtained by writing to our Corporate Secretary. A copy of our bylaws is posted on the Investors portion of our website at <http://ir.aldeyra.com>. All notices of proposals by stockholders, whether or not included in Aldeyra’s proxy materials, should be sent to our principal executive offices, Attention: Corporate Secretary.

**Additional Information about the Proxy Materials**

**Q: Why did I receive a notice regarding the availability of proxy materials on the Internet instead of a full set of proxy materials?**

A: In accordance with the rules of Securities and Exchange Commission (SEC), we have elected to furnish our proxy materials, including this proxy statement and the 2017 Annual Report, to our stockholders primarily via the Internet. Beginning on or about April 25, 2018, we mailed to our stockholders a “Notice of Internet Availability of Proxy Materials” that contains notice of the Annual Meeting and instructions on how to access our proxy materials on the Internet, how to vote at the meeting, and how to request printed copies of the proxy materials. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail by following the instructions contained at [www.proxyvote.com](http://www.proxyvote.com). We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our annual meetings.

**Q: What does it mean if multiple members of my household are stockholders but we only received one Notice or full set of proxy materials in the mail?**

A: We have adopted a procedure called “householding,” which the SEC has approved. Under this procedure, we deliver a single copy of the Notice and, if applicable, the proxy materials to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces our printing costs, mailing costs, and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written request, we will deliver promptly a separate copy of the Notice and, if applicable, the proxy materials to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice and, if applicable, the proxy materials, stockholders should send their requests to our principal executive offices, Attention: Corporate Secretary. Stockholders who hold shares in street name (as described below) may contact their brokerage firm, bank, broker-dealer, or other similar organization to request information about householding.

**Q: What is the mailing address for Aldeyra’s principal executive offices?**

A: Our principal executive offices are located at 131 Hartwell Avenue, Suite 320, Lexington, Massachusetts 02421. The telephone number at that location is 781-761-4904.

Any written requests for additional information, copies of the proxy materials and 2017 Annual Report, notices of stockholder proposals, recommendations for candidates to our Board of Directors, communications to our Board of Directors or any other communications should be sent to the address above.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 7, 2018.**

**The proxy statement and the 2017 Annual Report are available on-line at [www.proxyvote.com](http://www.proxyvote.com).**

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**General**

Our Board of Directors may establish the authorized number of directors from time to time by resolution. Our Board of Directors is currently comprised of seven members who are divided into three classes with staggered three-year terms. A director serves in office until his respective successor is duly elected and qualified or until his earlier death or resignation. This classification of the Board of Directors into three classes with staggered three-year terms may have the effect of delaying or preventing changes in our control or management. Your proxy cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

**Nominees for Election as Class I Directors at the Annual Meeting**

This year's nominees for election to the Board of Directors as our Class I directors to serve for a term of three years expiring at the 2021 annual meeting of stockholders, or until their successors have been duly elected and qualified or until their earlier death, resignation or removal, are provided below. All of the nominees listed below are currently directors of the Company. The age of each director as of April 13, 2018 is set forth below. Each of the nominees has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve if elected.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
Ben Bronstein, M.D.	68	2010
Jesse I. Treu, Ph.D.	71	2013

The following is additional information about each of the nominees as of the date of this proxy statement, including their business experience, public company director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the nominating/corporate governance committee and our Board of Directors to determine that the nominees should serve as one of our directors.

<b>Name</b>	<b>Age</b>	<b>Principal Occupation and Business Experience</b>
Ben Bronstein, M.D.	68	Dr. Bronstein has served as a member of our Board of Directors since 2010, and from 2010 to 2011 served as Chief Executive Officer of Aldeyra Therapeutics, then known as Neuron Systems. Dr. Bronstein is Executive Vice President, Clinical Development at Aclaris Therapeutics, Inc. Previously he was an active advisor and consultant to life science companies. He is a board-certified pathologist and dermatopathologist, with over 20 publications. Dr. Bronstein began his professional career on the staff of the Massachusetts General Hospital and on the faculty of Harvard Medical School. He has spent the past 28 years in entrepreneurial and management roles in life science companies and venture capital firms. Dr. Bronstein has founded or held senior management positions at several venture-backed life science firms, including BioSurface Technology, Inc., a regenerative medicine company; Peptimmune, Inc., an immunotherapeutics company (a spinout from Harvard and MIT); and Vidus Ocular, Inc., a Yale University spinout developing an implantable device for the treatment of glaucoma. Dr. Bronstein has served as Chief Medical Officer of Stealth BioTherapeutics, Inc., as a Visiting Scholar at the Wyss Institute of Biologically Inspired Engineering at Harvard Medical School and as a founder and Senior Vice President of Access BridgeGap Ventures, the life science investment unit of Access Industries, Inc. Dr. Bronstein serves on the boards of directors of several privately held life science



<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience</u>
		companies. He is also a member of the Scientific Advisory Committee of the Daedalus Fund of Weill Cornell Medicine. Dr. Bronstein received his M.D. and M.B.A. from Boston University. Dr. Bronstein's extensive knowledge of our business and history, experience as a board member of biotechnology companies and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.
Jesse I. Treu, Ph.D.	71	Dr. Treu has served on our Board of Directors since June 2013. Dr. Treu was a founding Partner of Domain Associates, L.L.C. and became partner emeritus in 2018. He has been a director of over 35 early-stage healthcare companies. Dr. Treu currently serves as a member of the boards of directors of Sebacia, Inc. and Veracyte, Inc. He has also served as a founder, president and chairman of numerous venture-stage companies. From December 2009 to July 2016, he served as a member of the Board of Directors of Afferent Pharmaceuticals, Inc., a biotechnology company subsequently acquired by Merck & Co. He also served as a member of the Board of Directors of RightCare Solutions, Inc. from August 2013 to December 2015. Prior to the formation of Domain Associates, Dr. Treu had twelve years of experience in the healthcare industry. He was Vice President of the predecessor organization to The Wilkerson Group and its venture capital arm, CW Ventures. While at CW Ventures, he served as President and CEO of Microsonics, Inc., a pioneer in computer image processing for cardiology. Previous to that, Dr. Treu led new product development and marketing planning for immunoassay and histopathology products at Technicon Instruments Corporation, which is now part of Siemens Medical Solutions Diagnostics. Dr. Treu began his career with General Electric Company in 1973, initially as a research scientist developing thin film optical sensors for immunoassay testing, and later serving on the corporate staff with responsibility for technology assessment and strategic planning. Dr. Treu received his B.S. in Physics from Rensselaer Polytechnic Institute and his M.A. and Ph.D. in physics from Princeton University. Dr. Treu's extensive knowledge of our business and history, experience as a board member of multiple publicly-traded and privately-held companies and expertise in developing and financing contributed to our conclusion that he should serve as a director of our company.

**Required Vote and Recommendation of the Board of Directors for Proposal 1**

The affirmative vote of a plurality of the votes cast at the Annual Meeting is required for the election of our Class I directors. The two nominees receiving the most "FOR" votes among votes properly cast in person or by proxy will be elected to the Board of Directors as Class I directors. You may vote "FOR" or "WITHHOLD" on each of the nominees for election as director. Shares represented by signed proxy cards will be voted on Proposal 1 "FOR" the election of Drs. Bronstein and Treu to the Board of Directors at the Annual Meeting, unless otherwise marked on the card. A broker non-vote or a properly executed proxy marked "WITHHOLD" with respect to the election of a Class I director will not be voted with respect to such director, although it will be counted for purposes of determining whether there is a quorum.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE CLASS I NOMINEES NAMED ABOVE.**

### Continuing Directors Not Standing for Election

Certain information about those directors whose terms do not expire at the Annual Meeting is furnished below, including their business experience, public company director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the nominating/corporate governance committee and our Board of Directors to determine that the directors should serve as one of our directors. The age of each director as of April 13, 2018 is set forth below.

#### *Incumbent Class II Directors Whose Term Expires in 2019*

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience</u>
Gary Phillips, M.D.	52	Dr. Phillips has served as President and Chief Executive Officer at OrphoMed, Inc. since April 2018 and has been a member of our Board of Directors since May 2009. He served as Executive Vice President and Chief Strategy Officer at Mallinckrodt Pharmaceuticals plc from 2013 to 2018. He was President of Reckitt Benckiser Pharmaceuticals, Inc. from 2011 to 2012. He served as President of U.S. Surgical and Pharmaceuticals at Bausch & Lomb Incorporated from 2002 to 2008. Dr. Phillips has also held executive roles at Merck Serono SA from 2008 to 2011, Novartis Corporation from 2000 to 2002, and Wyeth Pharmaceuticals, Inc. (now Pfizer, Inc.) from 1999 to 2000. He was most recently Head of Global Health & Healthcare Industries at the World Economic Forum in Geneva from January 2012 to September 2013. Dr. Phillips was also healthcare strategy managing consultant at Towers Perrin from 1997 to 1999, and practiced as a general medicine clinician/officer in the US Navy, from which he was honorably discharged as a lieutenant commander. Dr. Phillips was educated at the University of Pennsylvania, where he received an M.D. (Alpha Omega Alpha) from the School of Medicine in 1992, an MBA from the Wharton School in 1991, and B.A. (summa cum laude, Phi Beta Kappa) in biochemistry from the College of Arts and Sciences in 1987. He completed postgraduate medical education at Naval Medical Center San Diego and maintains an active medical license. Dr. Phillips' extensive knowledge of our business and history, and his experience in pharmaceutical strategy at multiple multinational companies, contributed to our conclusion that he should serve as a director of our company.
Neal Walker, D.O.	48	Dr. Walker has served on our Board of Directors since June 2013. Dr. Walker is the President and Chief Executive Officer and a director at Aclaris Therapeutics, Inc., a publicly-traded dermatological drug development company. Prior to founding Aclaris Therapeutics, Inc. in 2012, he was co-founder, President and CEO of Vicept Therapeutics, Inc. (acquired by Allergan, Inc.) from 2009 to 2012. Dr. Walker has co-founded and led a number of life science companies: Octagon Research Solutions, Inc., a software and services provider to biopharmaceutical companies (acquired by Accenture plc); Trigenesis Therapeutics, Inc., a specialty dermatology company where he served as Chief Medical Officer (acquired by Dr. Reddy's Laboratories Ltd); Cutix Inc., a commercial dermatology company that markets PreSun <sup>®</sup> , a sunscreen brand acquired from Bristol-Myers Squibb Co. He began his pharmaceutical industry career at Johnson and Johnson, Inc. Dr. Walker

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<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience</u>
		currently is on the Board of Directors of Aclaris Therapeutics, Inc., Sebacia, Inc. and Follica, Inc. (Executive Chairman). Dr. Walker previously served on the Board of Directors for Octagon, a contract research organization. He is also on the Advisory Board of Flexible Medical Systems LLC, a privately held medical device company. Dr. Walker received his MBA from The Wharton School, University of Pennsylvania, his D.O. from Philadelphia College of Osteopathic Medicine and a B.A. in Biology from Lehigh University. He is a board certified dermatologist. Dr. Walker's experience as a chief executive officer in the biopharmaceutical industry, strong background in clinical and product development in dermatology and other fields, and substantial knowledge of the pharmaceutical industry contributed to our conclusion that he should serve as a director of our company.
Richard H. Douglas, Ph.D.	65	Dr. Douglas has served on our Board of Directors since September 2016. Dr. Douglas is the former Senior Vice President, Corporate Development of Genzyme Corporation. Since 2011, Dr. Douglas has been an independent consultant and advisor at Red Sky Partners LLC. From 1989 to 2011, he led Genzyme Corporation's Corporate Development team, and was involved in numerous acquisitions, licenses, financings, joint ventures, and strategic alliances. From 1982 until its merger with Genzyme Corporation in 1989 (now Sanofi Genzyme), Dr. Douglas served in science and corporate development capacities at Integrated Genetics. Currently, Dr. Douglas is on the Board of Directors of Novavax, Inc., a publicly-traded clinical-stage vaccine company, and MaxCyte Inc., a U.S. based global cell engineering and immune oncology company, and he also serves on the University of Michigan Technology Transfer National Advisory Board. Dr. Douglas received a B.S. in chemistry from the University of Michigan and a Ph.D. in biochemistry from the University of California, Berkeley, and he was a postdoctoral fellow in Leroy Hood's laboratory at the California Institute of Technology. Dr. Douglas' extensive knowledge of our business, experience as a board member of a publicly-traded biotechnology company, substantial scientific background, and expertise in developing, financing and providing strong executive leadership within the pharmaceutical industry contributed to our conclusion that he should serve as a director of our company.

*Incumbent Class III Directors Whose Term Expires in 2020*

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience</u>
Todd C. Brady, M.D., Ph.D.	46	Dr. Brady has served as our President and Chief Executive Officer since January of 2012 and as a member of our Board of Directors since 2005. Prior to Aldeyra, Dr. Brady served as Entrepreneur in Residence at Domain Associates, LLC, a leading healthcare venture capital firm, where he was a Principal from 2004 to 2013. Dr. Brady currently serves on the Board of Directors of Evoke Pharma, Inc. and Spring Bank Pharmaceuticals, Inc., both of which are publicly traded healthcare companies. Dr. Brady served on the Board of Directors of Oncobiologics, Inc. from 2014 to 2017. Dr. Brady holds a Ph.D. in pathology from Duke University Graduate School, a M.D. from Duke University Medical School, and an A.B. from Dartmouth College in Philosophy and

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<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience</u>
		Psychology. Dr. Brady's extensive knowledge of our business, as well as his years of experience in the biotechnology industry, including executive leadership in several biotechnology companies, contributed to our conclusion that he should serve as a director of our company.
Martin J. Joyce	64	Mr. Joyce has served as member of our Board of Directors since October 2013. Mr. Joyce's professional background includes leadership roles in public and private, medical device, biotechnology and pharmaceutical companies. He has experience in public equity financings, business development, SEC reporting, strategic planning, mergers, acquisitions, investor relations and biotechnology operations. Since 2012, Mr. Joyce has served as a consultant to the life science industry assisting biotechnology and pharmaceutical companies in strategic planning, fund raising and operations. From March 2011 to July 2012, Mr. Joyce was Chief Financial Officer at Lucid Inc., an early stage skin cancer diagnostic company. Previously, Mr. Joyce served as Executive Vice President and Chief Financial Officer of BioSphere Medical from January 2006 through September 2010. He served as BioSphere's Chief Financial Officer and Vice President from September 2004 to January 2006. From January 2001 to September 2004, Mr. Joyce served as Managing Partner of Stratex Group LLC, a provider of biopharmaceutical executive services to early-stage companies and venture investors. From 1996 to January 2001, Mr. Joyce was North American Chief Financial Officer for Serono Inc. a biotechnology company. From April 1987 to 1996, Mr. Joyce held a variety of senior level positions within Serono in finance, sales, marketing and manufacturing. Mr. Joyce was previously employed at Millipore Corporation, a high technology bioscience company. Mr. Joyce received a B.S. in finance from Northeastern University and a M.B.A. from Suffolk University, Boston, Massachusetts. Mr. Joyce's extensive knowledge of our business and history, experience in multiple publicly-traded and privately-held companies, and expertise in developing, financing and providing strong executive leadership to numerous biopharmaceutical companies contributed to our conclusion that he should serve as a director of our company.

There are no family relationships among any of our directors or executive officers. See "Corporate Governance" below for additional information regarding our Board of Directors.

**PROPOSAL 2****RATIFICATION OF THE APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****General**

Our audit committee has appointed the firm of BDO USA, LLP, independent registered public accountants, to audit our financial statements for the year ending December 31, 2018. BDO USA, LLP has audited our financial statements since the fiscal year ended December 31, 2013.

Notwithstanding its selection and even if our stockholders ratify the selection, our audit committee, in its discretion, may appoint another independent registered public accounting firm at any time during the year if the audit committee believes that such a change would be in the best interests of Aldeyra and its stockholders. At the Annual Meeting, the stockholders are being asked to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2018. Our audit committee is submitting the selection of BDO USA, LLP to our stockholders because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate governance. Representatives of BDO USA, LLP are expected to be present at the Annual Meeting and they will have an opportunity to make statements and will be available to respond to appropriate questions from stockholders.

If this proposal does not receive the affirmative approval of a majority of the votes cast on the proposal, the audit committee would reconsider the appointment.

**Principal Accounting Fees and Services**

The following table sets forth all fees paid or accrued by us for professional audit services and other services rendered by BDO USA, LLP during the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Audit Fees(1)	\$ 360,240	\$ 205,980
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	<u>\$ 360,240</u>	<u>\$ 205,980</u>

- (1) Audit Fees: This category represents fees for professional services provided in connection with the audit of our financial statements, review of our quarterly financial statements, and audit services provided in connection with other regulatory or statutory filings for which we have engaged BDO USA, LLP.

**Pre-Approval of Audit and Non-Audit Services**

Consistent with requirements of the SEC and the Public Company Accounting Oversight Board regarding auditor independence, our audit committee is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. In recognition of this responsibility, our audit committee (or the chair if such approval if needed on a time urgent basis) generally pre-approves of all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2018.**

## PROPOSAL 3

### AMENDMENT TO OUR 2013 EQUITY INCENTIVE PLAN (2013 PLAN)

#### General

We are asking our stockholders to approve an amendment to our 2013 Equity Incentive Plan (the “2013 Plan”) to modify the automatic “evergreen” provisions regarding the number of shares to be annually added to the 2013 Plan and, in addition, implement limitations on the value of equity that may be granted under the plan to a non-employee director during a calendar year (in aggregate, the “Amendment”). Our compensation committee approved the Amendment, subject to approval of the Board of Directors and the stockholders, and the Board of Directors approved the Amendment, subject to approval of the stockholders. If our stockholders do not approve the Amendment, the existing version of the 2013 Plan, as amended to date will remain in effect.

The Amendment provides for:

1. a modification to the automatic “evergreen” provisions in the 2013 Plan regarding the number of shares of Common Stock automatically added to the 2013 Plan on January 1 of each year during the term of the plan, starting with January 1, 2019, to the lesser of (i) 6% of the shares of common stock outstanding at that time; and (ii) such other amount as our Board of Directors may determine; and
2. the implementation of limitations on the value of equity that may be granted under the 2013 Plan to a non-employee director during a calendar year.

#### Background and Reason for the Proposal

Since 2013, our number of employees has grown consistently on an annual basis. Equity awards are used as compensation vehicles by most, if not all, of the companies with which we compete for talent, and we believe that providing equity awards is critical to attract and retain key contributors. Accordingly, our Board of Directors has approved a modification to the automatic “evergreen” provision in the 2013 Plan to increase to the share reserve under the 2013 Plan to ensure a sufficient number of shares will be available for recruiting new employees and retention of existing employees. Should stockholder approval of this Proposal 3 not be obtained, the provisions regarding the annual automatic increase of shares available under the 2013 Plan will not be amended. However, we will retain the ability to issue the shares of our Common Stock which were previously approved by stockholders for issuance under the 2013 Plan.

The 2013 Plan currently limits the grant of stock options and stock appreciation rights to employees to no more than 250,000 shares during any single fiscal year, other than to a new employee in the fiscal year in which service commences. Our Board of Directors has also determined that the maximum annual aggregate grant date fair value (as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (Topic 718), or any successor thereto) of options and stock appreciation rights that may be granted under the 2013 Plan to a non-employee director as compensation for services as a non-employee director during a calendar year shall not exceed \$500,000. In addition, the maximum aggregate grant date fair value (as determined in accordance with Topic 718, or any successor thereto) of shares of common stock issued as either restricted shares or stock units that may be granted under the 2013 Plan to a non-employee director as compensation for services as a non-employee director during a calendar year shall not exceed \$500,000.

#### Equity Compensation Plan Information

The following table provides information as of December 31, 2017, with respect to shares of our common stock that may be issued, subject to certain vesting requirements, under our existing equity compensation plans, including our 2013 Equity Incentive Plan (2013 Plan), 2010 Employee, Director and Consultant Equity Incentive Plan (2010 Plan), our 2004 Employee, Director and Consultant Stock Plan (2004 Plan) and our 2016 Employee Stock Purchase Plan (2016 ESPP).

<u>Plan Category</u>	<u>A</u>	<u>B</u>	<u>C</u>
	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights</u>	<u>Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))</u>
Equity compensation plans approved by security holders	2,435,470(1)	\$ 4.86(2)	971,634(3)
Equity compensation plans not approved by security holders	—		—
<b>Total</b>	<b>2,435,470(1)</b>	<b>\$ 4.86(2)</b>	<b>971,634(3)</b>

- (1) Of these shares, 157,128 were underlying then outstanding restricted stock unit awards, 1,809,773 were subject to options then outstanding under the 2013 Plan, 413,130 were subject to options then outstanding under the 2010 Plan, 23,954 were subject to options then outstanding under the 2004 Plan and 31,485 were subject to outstanding rights to purchase shares under the 2016 ESPP.
- (2) Does not take into account restricted stock units, which have no exercise price.
- (3) Represents 779,856 shares of common stock available for issuance under our 2013 Plan and 191,778 shares of common stock available for issuance under our 2016 ESPP. No shares are available for future issuance under the 2010 Plan or 2004 Plan. In addition, our 2013 Plan provides for annual increases in the number of shares available for issuance thereunder on the first day of each fiscal year equal to the lesser of: (i) 1,000,000 shares of our common stock (if this Proposal 3 is approved, this limit would be eliminated); (ii) 7% of the shares of common stock outstanding at that time (if this Proposal 3 is approved, this percentage would be decreased to 6%); and (iii) such other amount as our Board of Directors may determine. Our 2016 ESPP provides for annual increases in the number of shares available for issuance thereunder on the first day of each fiscal year equal to the lesser of: (i) 1% of the shares of common stock outstanding at that time; and (ii) such other amount as our Board of Directors may determine. On January 1, 2018, an additional 1,000,000 shares became available for future issuance under our 2013 Plan and an additional 191,376 shares became available for future issuance under the 2016 ESPP. These additional shares are not included in the table above. In addition, during the three months ended March 31, 2018, we granted options to purchase an aggregate of 451,596 shares of our common stock and 101,269 restricted stock units.

#### Material Terms of 2013 Plan

The following is a summary of the principal features of the 2013 Plan and the Amendment. This summary does not purport to be a complete description of all of the provisions of the 2013 Plan and the Amendment. It is qualified in its entirety by reference to the full text of the 2013 Plan and the Amendment, a copy of which has been filed with the SEC with this Proxy Statement as Appendix A, and any stockholder who desires to obtain a copy of the 2013 Plan and the Amendment may do so by written request to the Company at 131 Hartwell Avenue, Suite 320, Lexington, Massachusetts 02421, Attn: Secretary.

*Share Reserve*. The number of shares of our common stock available for issuance under our 2013 Plan will equal 1,148,258 shares. Of these, as of April 13, 2018, 7,762 shares have been issued upon exercise of options, approximately 2,848,844 shares are subject to outstanding options (with exercise prices ranging from \$4.59 to \$8.60, a weighted average exercise price of \$6.54 per share and expiration dates ranging from May 2024 to March 2028); 219,072 shares are subject to outstanding unvested/unsettled Restricted Stock Units (RSUs), no shares are subject to outstanding Stock Appreciation Rights (SARs) or unvested restricted/performance share awards; and approximately 912,448 shares remain available for issuance pursuant to awards to be granted under the 2013 Plan.

If the Amendment is approved, the number of shares reserved for issuance under the 2013 Plan will be increased automatically on January 1 of each year during the term of the plan, starting with January 1, 2019, by a number equal to the smallest of:

- 6.00% of the shares of common stock outstanding on December 31 of the prior year; or
- the number of shares determined by our Board of Directors.

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

*Administration* . Our compensation committee administers the 2013 Plan. The committee has complete discretion to make all decisions relating to the 2013 Plan and outstanding awards, including repricing outstanding options and modifying outstanding awards. Our compensation committee has established a Stock Option Committee whose purpose is to approve stock option grants to our employees subject to guidelines previously approved by our compensation committee. Our compensation committee appointed our Chief Executive Officer, Todd Brady, M.D., Ph.D., as the sole member of this committee.

*Eligibility* . Employees, non-employee directors and consultants are eligible to participate in our 2013 Plan. However, only non-employee directors are eligible to participate in the automatic annual option grants pursuant to our non-employee director compensation program (see “Annual Director Grant Program” below). As of April 13, 2018, approximately 20 persons (including three executive officers and six non-employee directors) were eligible to participate in the 2013 Plan.

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

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

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

- with shares of common stock that are already owned;
- by an immediate sale of the shares acquired through a broker approved by us;
- through a net exercise procedure;
- through tender of a full recourse promissory note; or
- by other methods permitted by applicable law.

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



Options and stock appreciation rights vest at the time or times determined by the compensation committee. In most cases, they will vest over a four-year period following the date of grant. Options and stock appreciation rights also expire at the time determined by the compensation committee but in no event more than 10 years after they are granted. These awards generally expire earlier if the participant's service terminates earlier. No participant may be granted stock options and stock appreciation rights covering more than 250,000 shares during any single fiscal year, other than to a new employee in the fiscal year in which service commences. In addition, the maximum annual aggregate grant date fair value (as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (Topic 718), or any successor thereto) of options and stock appreciation rights that may be granted under the 2013 Plan to a non-employee director as compensation for services as a non-employee director during a calendar year shall not exceed \$500,000.

*Restricted Shares and Stock Units* . Restricted shares and stock units may be awarded under the 2013 Plan in return for any lawful consideration (and as set forth in the applicable award agreement), and participants who receive restricted shares or stock units generally are not required to pay for their awards in cash. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones, or a combination of both, as determined by the compensation committee. No participant may be granted awards of restricted shares and stock units covering more than 250,000 shares during any single fiscal year, other than to a new employee in the fiscal year in which service commences. In addition, the maximum aggregate grant date fair value (as determined in accordance with ASC Topic 718, or any successor thereto) of shares of common stock issued as either restricted shares or stock units that may be granted under the 2013 Plan to a non-employee director as compensation for services as a non-employee director during a calendar year shall not exceed \$500,000. These annual limits are in addition to any stock options and stock appreciation rights the participant may receive during a fiscal year. Settlement of vested stock units may be made in the form of cash, shares of common stock, or a combination of both.

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

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

*Automatic Director Grants* . Under our non-employee director compensation plan, non-employee members of our Board of Directors will also receive automatic grants of non-statutory stock options under our 2013 Plan upon joining the Board of Directors and on the date of each annual meeting of stockholders. For purposes of our automatic director grant program, a non-employee director is a director who is not employed by us and who does not receive compensation from us or have a business relationship with us that would require disclosure under certain Securities and Exchange Commission rules. See the section below entitled "Corporate Governance — Director Compensation — Non-Employee Director Compensation" for more detail on our non-employee director compensation plan.

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

- the continuation, assumption or substitution of an award by us or the surviving entity or its parent;
- the cancellation of options and stock appreciation rights without payment of any consideration;
- the cancellation of the awards in exchange for a payment equal to the product of the number of shares subject to the award multiplied by the excess, if any, of the per stock value of property that a holder of our common stock receives in the transaction over (if applicable) the exercise price of such award. Such payments may be subject to vesting based on a participant's continued service; or
- the assignment of any repurchase, forfeiture or reacquisition rights in favor of us to the surviving entity or its parent.

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

A change in control includes:

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

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

For information regarding the vesting acceleration provisions applicable to the equity awards held by our named executive officers under our Change in Control Plan, please see "Severance and Change in Control Benefits" below.

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

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

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

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

### New Plan Benefits and Option Grant Table

Because the 2013 Plan is discretionary, benefits to be received by individual participants are not determinable, other than the grants currently provided for under our non-employee director compensation plan. See the section below entitled “Corporate Governance — Director Compensation — Non-Employee Director Compensation” for more detail on our non-employee director compensation plan. The table below shows, as to each of our current executive officers and the various indicated groups (a) the number of shares of Common Stock for which options have been granted for (i) the one (1)-year period ended December 31, 2017 and (ii) the period from January 1, 2018 through April 13, 2018 and (b) the weighted-average exercise price per share. No shares of stock were directly issued to the individuals or groups below during the one (1)-year period ended December 31, 2016 or the period through April 13, 2018.

<u>Name and Position</u>	<u>Number of Option Shares</u>		<u>Weighted-Average Exercise Price of Granted Options</u>
	<u>Year Ended December 31, 2017</u>	<u>Through April 13, 2018</u>	
Todd C. Brady, M.D., Ph.D., Chief Executive Officer and Director	250,000	217,293	\$ 6.73
Stephen J. Tulipano, Chief Financial Officer	220,980	125,670	\$ 6.37
David J. Clark, M.D., Chief Medical Officer	155,656	108,633	\$ 6.54
All current executive officers as a group	626,636	451,596	\$ 6.57
All current directors who are not executive officers as a group	134,802	770,970	\$ 5.20

In addition, during (i) the one (1)-year period ended December 31, 2017, Dr. Brady was awarded an RSU covering 136,806 shares of Common Stock and (ii) the period from January 1, 2018 through April 13, 2018, Dr. Brady was awarded an RSU covering 96,144 shares of Common Stock.

*Federal Income Tax Consequences of Options Granted under the 2013 Plan*. The following is intended only as a general guide as to the United States federal income tax consequences under current law for the 2013 Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances. Options granted under the 2013 Plan may be either incentive stock options that satisfy the requirements of Section 422 of the Code or non-statutory options that are not intended to meet such requirements. The federal income tax treatment for the two types of options differs, as follows:

*Incentive Stock Options*. No taxable income is recognized by the optionee at the time of the option grant, and no taxable income is generally recognized at the time the option is exercised. However, the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for the shares generally is includable in alternative minimum taxable income. The optionee will recognize taxable income in the year in which the purchased shares are sold or otherwise made the subject of disposition.

For federal tax purposes, dispositions are divided into two categories: (i) qualifying and (ii) disqualifying. The optionee will make a qualifying disposition of the purchased shares if the sale or other disposition of such shares is made after the optionee has held the shares for more than two (2) years after the grant date of the option and more than one (1) year after the exercise date. If the optionee fails to satisfy either of these two holding periods prior to the sale or other disposition of the purchased shares, then a disqualifying disposition will result.

Upon a qualifying disposition of the shares, the optionee will recognize long-term capital gain in an amount equal to the excess of (i) the amount realized upon the sale or other disposition of the purchased shares over (ii) the exercise price paid for such shares. If there is a disqualifying disposition of the shares, then the optionee will realize taxable ordinary income equal to the lesser of (a) the excess of (i) the fair market value of those shares on the date the option was exercised (or if later the date any forfeiture restriction lapsed) over (ii) the exercise price paid for the shares, or (b) the optionee's actual gain, if any, on the purchase and sale. Any additional gain recognized upon the disposition will be a capital gain.

If the optionee makes a disqualifying disposition of the purchased shares, then the Company will be entitled to an income tax deduction for the taxable year in which such disposition occurs equal to the excess of (i) the fair market value of such shares on the date the option was exercised (or if later the date any forfeiture restriction lapsed) over (ii) the exercise price paid for the shares. In no other instance will the Company be allowed a deduction with respect to the optionee's disposition of the purchased shares. The Company anticipates that any compensation deemed paid by the Company upon one or more disqualifying dispositions of incentive stock option shares by the Company's executive officers will remain deductible by the Company and will not have to be taken into account for purposes of the \$1,000,000 limitation per covered individual on the deductibility of the compensation paid to certain executive officers of the Company.

*Non-Statutory Options.* No taxable income is recognized by an optionee upon the grant of a non-statutory option. The optionee will in general recognize ordinary income in the year in which the option is exercised equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for the shares, and the optionee will be required to satisfy the tax withholding requirements applicable to such income.

Special provisions of the Code apply to the acquisition of Common Stock under a non-statutory option if the purchased shares are subject to repurchase by the Company. These special provisions may be summarized as follows:

- (i) If the shares acquired upon exercise of the non-statutory option are subject to repurchase by the Company at the original exercise price in the event of the optionee's termination of service prior to vesting in such shares, the optionee will not recognize any taxable income at the time of exercise but will have to report as ordinary income, as and when the Company's repurchase right lapses, an amount equal to the excess of (A) the fair market value of the shares on the date such repurchase right lapses with respect to such shares over (B) the exercise price paid for the shares.
- (ii) The optionee may, however, elect under Section 83(b) of the Code to include as ordinary income in the year of exercise of the non-statutory option an amount equal to the excess of (A) the fair market value of the purchased shares on the exercise date (determined as if the shares were not subject to the Company's repurchase right) over (B) the exercise price paid for such shares. If the Section 83(b) election is made, the optionee will not recognize any additional income as and when the repurchase right lapses.

The Company will be entitled to a business expense deduction equal to the amount of ordinary income recognized by the optionee with respect to the exercised non-statutory option. The deduction will in general be allowed for the taxable year of the Company in which such ordinary income is recognized by the optionee. The Company anticipates that the compensation deemed paid by the Company upon the exercise of non-statutory options with exercise prices equal to the fair market value of the option shares on the grant date will remain deductible by the Company and will not have to be taken into account for purposes of the \$1,000,000 limitation per covered individual on the deductibility of the compensation paid to certain executive officers of the Company.

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*Stock Appreciation Rights.* A participant who is granted a SAR will recognize ordinary income in the year of exercise equal to the amount of the appreciation distribution. The Company will be entitled to a business expense deduction equal to the appreciation distribution for the taxable year of the Company in which the ordinary income is recognized by the participant.

*Restricted Stock Issuances.* The tax principles applicable to direct restricted stock issuances under the 2013 Plan will be substantially the same as those summarized above for the exercise of non-statutory options.

*Stock Units.* A participant who is granted a stock unit will recognize ordinary income in the year in which the shares subject to the award are actually issued to the participant in an amount equal to the fair market value of the shares on the date of issuance. The Company will be entitled to a business expense deduction equal to the amount of ordinary income recognized by the participant at the time the shares are issued for the taxable year in which such ordinary income is recognized by the participant.

**Required Vote and Recommendation of the Board of Directors for Proposal 3**

The affirmative vote from the holders of a majority of the outstanding shares of common stock present in person or represented by proxy at the Annual Meeting is required to approve the Amendment. Abstentions and broker non-votes will have the same effect as an “Against” vote on this proposal.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL OF THE AMENDMENTS TO THE 2013 PLAN.**

## CORPORATE GOVERNANCE

### Code of Conduct

Our Board of Directors adopted a code of business conduct that applies to each of our directors, officers and employees. The full text of our code of business conduct is posted on the Investors portion of our website at <http://ir.aldeyra.com>. Any waiver of the code of business conduct for an executive officer or director may be granted only by our Board of Directors or a committee thereof and must be timely disclosed as required by applicable law. We have implemented whistleblower procedures that establish format protocols for receiving and handling complaints from employees. Any concerns regarding accounting or auditing matters reported under these procedures will be communicated promptly to the audit committee.

### Board Composition

Our business affairs are managed under the direction of our Board of Directors, which is currently composed of seven members. All of our directors, other than Dr. Brady, are independent within the meaning of the listing rules of The Nasdaq Stock Market (Nasdaq). Our Board of Directors is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election.

Directors in a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their terms expire. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or the earlier of his or her death, resignation or removal. The classification of our Board of Directors may have the effect of delaying or preventing changes in our control or management.

### Director Independence

Our common stock is listed on The Nasdaq Capital Market. The listing rules of this stock exchange generally require that a majority of the members of a listed company's Board of Directors be independent. In addition, the rules of the Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating/corporate governance committees be independent. The Nasdaq director independence definition includes a series of objective tests, such as that the director is not also one of our employees and has not engaged in various types of business dealings with us. In addition, as further required by the Nasdaq rules, our Board of Directors has made a subjective determination as to each independent director that no relationships exist which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities as they may relate to us and our management.

Our Board of Directors has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the Nasdaq. The independent members of our Board of Directors will hold separate regularly scheduled executive session meetings at which only independent directors are present.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board of Directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or

other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries. Each of Martin J. Joyce, Ben R. Bronstein, M.D. and Jesse I. Treu, Ph.D. qualify as an independent director pursuant to Rule 10A-3.

### **Board Leadership Structure**

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

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

### **Board Committees**

Our Board of Directors has established an audit committee, a compensation committee, a nominating/corporate governance committee and a stock option committee. The composition of these committees meets the criteria for independence under, and the functioning of these committees comply with the applicable requirements of the Sarbanes-Oxley Act of 2002, the current rules of The Nasdaq Capital Market and SEC rules and regulations. We intend to comply with future requirements as they become applicable to us. Each committee has the composition and responsibilities described below.

#### *Audit Committee*

During our year ended December 31, 2017, our audit committee held 4 meetings. The members of our audit committee are Martin J. Joyce, Ben R. Bronstein, M.D. and Jesse I. Treu, Ph.D., each of whom is a non-employee member of the Board of Directors. Mr. Joyce serves as the chair of the audit committee.

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

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

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

### ***Compensation Committee***

During our year ended December 31, 2017, our compensation committee held 1 meeting and acted by written consent 2 times. The members of our compensation committee are Ben R. Bronstein, M.D., Neal S. Walker, D.O. and Gary Phillips, M.D. Dr. Phillips serves as the chair of the compensation committee. Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees.

Pursuant to the compensation committee charter, the functions of this committee include:

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

Our Board of Directors has determined that each of Ben R. Bronstein, M.D., Neal S. Walker, D.O. and Gary Phillips, M.D. is independent under the applicable rules and regulations of Nasdaq, is a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

Our chief executive officer and chief financial officer assist our compensation committee in carrying out its functions, although they do not participate in deliberations or decisions with respect to their own compensation. Since January 2015, our compensation committee has engaged the services of Pearl Meyer & Partners, LLC (Pearl Meyer), a compensation consulting firm, to advise the compensation committee regarding the amount and types of compensation that we provide to our executives and directors and how our compensation practices compared to the compensation practices of other companies. Pearl Meyer reports directly to the compensation committee. Pearl Meyer does not provide any services to us other than the services provided to the compensation committee. The compensation committee believes that Pearl Meyer does not have any conflicts of interest in advising the compensation committee under applicable SEC rules or Nasdaq listing standards.

### ***Nominating/Corporate Governance Committee***

During our year ended December 31, 2017, our nominating/corporate governance committee held 3 meetings. The members of our nominating/corporate governance committee are Martin J. Joyce, Jesse Treu,



Ph.D. and Richard H. Douglas, Ph.D. Pursuant to the nominating/corporate governance committee charter, the functions of this committee include, among other things:

- identifying, evaluating, and making recommendations to our Board of Directors and our stockholders concerning nominees for election to our Board of Directors, to each of its committees and committee chairs;
- annually reviewing the performance and effectiveness of our Board of Directors and developing and overseeing a performance evaluation process;
- annually evaluating the performance of management, the Board of Directors and each board committee against their duties and responsibilities relating to corporate governance;
- annually evaluating adequacy of our corporate governance structure, policies, and procedures; and
- generally advising the Board of Directors on corporate governance matters.

#### ***Stock Option Committee***

During our year ended December 31, 2017, our stock option committee did not hold any meetings and acted by written consent 3 times. The sole member of our stock option committee is Todd C. Brady, M.D., Ph.D. Pursuant to the stock option committee charter, the function of this committee includes, among other things, granting stock options to non-executive employees under our 2013 Equity Incentive Plan within certain grant guidelines specified in the stock option committee charter or as adopted from time to time by our Board of Directors or compensation committee.

#### **Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee is or has in the past 5 years served as an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or compensation committee.

#### **Meetings of the Board of Directors**

The full Board of Directors held 8 meetings during our year ended December 31, 2017. No director attended fewer than 75% of the total number of meetings of the Board of Directors and of any committees of the Board of Directors of which he was a member during our year ended December 31, 2017.

It is our policy that directors are invited and encouraged to attend our annual meetings of stockholders. We expect to schedule our annual meetings on the same day as a regularly scheduled Board of Directors meeting in order to facilitate attendance by the members of our Board of Directors. One of our then-serving directors attended our 2017 annual meeting of stockholders.

#### **Stockholder Recommendations for Nominations to the Board of Directors**

Our nominating/corporate governance committee will consider director candidates recommended by stockholders and evaluate them using the same criteria as candidates identified by the Board of directors or the nominating/corporate governance committee for consideration. If a stockholder of the Company wishes to recommend a director candidate for consideration by the nominating/corporate governance committee, the stockholder recommendation should be delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, and must include information regarding the candidate and the stockholder making the recommendation as required by our Bylaws.

## Board Oversight of Risk

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

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

## Director Compensation

The following table sets forth information about the compensation of the non-employee members of our Board of Directors who served as a director during our year ended December 31, 2017. Other than as set forth in the table and described more fully below, during our year ended December 31, 2017, we did not pay any fees to, make any equity awards or non-equity awards to or pay any other compensation to the non-employee members of our Board of Directors. Dr. Brady, our chief executive officer, receives no compensation for his service as a director, and is not included in the table below. Mr. Douglas currently serves as chair of our Board of Directors.

	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)(2)	Total (\$)
Ben R. Bronstein, M.D.	\$ 36,251	\$71,811(3)	\$108,062
C. Boyd Clarke(4)	26,500	—	\$ 26,500
Richard H. Douglas, Ph.D.	39,626	92,613(5)	\$132,239
Martin J. Joyce	39,251	77,755(6)	\$117,006
Gary Phillips, M.D.	35,000	69,337(7)	\$104,337
Jesse I. Treu, Ph.D.	35,376(8)	74,783(9)	\$110,159
Neal S. Walker, D.O.	32,500	64,382(10)	\$ 96,882

- (1) The amounts in this column represent the aggregate grant date fair value of option awards granted to the director during our fiscal year ended December 31, 2017, computed in accordance with FASB ASC Topic 718. See Note 9 to our financial statements included in the 2017 Annual Report for a discussion of our assumptions in determining the ASC 718 values of our option awards.
- (2) As of December 31, 2017, our non-employee directors held outstanding stock options as follows: Drs. Bronstein and Walker, 55,415 and 53,193 options, respectively; Mr. Joyce 47,589 options; Dr. Treu, 46,700 options; and Dr. Phillips, 54,674 options. All of these options granted were made pursuant to our non-employee director compensation program.
- (3) On June 8, 2017, Dr. Bronstein was granted options to purchase 21,479 shares of our common stock at an exercise price per share of \$5.15.
- (4) As of June 8, 2017, Mr. Clarke no longer served as a member of the Board of Directors.

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- (5) On June 8, 2017, Dr. Douglas was granted options to purchase 27,701 shares of our common stock at an exercise price per share of \$5.15.
- (6) On June 8, 2017, Mr. Joyce was granted options to purchase 23,257 shares of our common stock at an exercise price per share of \$5.15.
- (7) On June 8, 2017, Dr. Phillips was granted options to purchase 20,739 shares of our common stock at an exercise price per share of \$5.15.
- (8) These fees were paid to the management company of the venture capital fund affiliated with Dr. Treu in 2017.
- (9) On June 8, 2017, Dr. Treu was granted options to purchase 22,368 shares of our common stock at an exercise price per share of \$5.15.
- (10) On June 8, 2017, Dr. Walker was granted options to purchase 19,257 shares of our common stock at an exercise price per share of \$5.15.

***Non-Employee Director Compensation***

For the year ended December 31, 2017, pursuant to our then current non-employee director compensation plan, each non-employee member of our Board of Directors received the following cash and equity compensation for board services, as applicable:

	<u>Role</u>	<u>Annual Cash Retainer (1)</u>	<u>Initial Equity Grant (2)</u>	<u>Annual Equity Grant (5)</u>
<b>Board of Directors</b>	Director	\$30,000	Options to purchase \$120,000 worth of shares of Common Stock (3)	Options to purchase \$60,000 worth of shares of Common Stock (increased to \$86,000 in March 2018)
	Chairman	Additional \$17,500	Additional options to purchase \$30,000 worth of shares of Common Stock (4)	Additional options to purchase \$30,000 worth of shares of Common Stock
<b>Audit Committee</b>	Chairman	\$7,500	Options to purchase \$15,000 worth of shares of Common Stock (4)	Options to purchase \$15,000 worth of shares of Common Stock
	Other Member	\$3,750	Options to purchase \$7,500 worth of shares of Common Stock (4)	Options to purchase \$7,500 worth of shares of Common Stock
<b>Compensation Committee</b>	Chairman	\$5,000	Options to purchase \$10,000 worth of shares of Common Stock (4)	Options to purchase \$10,000 worth of shares of Common Stock
	Other Member	\$2,500	Options to purchase \$5,000 worth of shares of Common Stock (4)	Options to purchase \$5,000 worth of shares of Common Stock
<b>Nominating/Corporate Governance Committee</b>	Chairman	\$3,500	Options to purchase \$8,000 worth of shares of Common Stock (4)	Options to purchase \$8,000 worth of shares of Common Stock
	Other Member	\$1,750	Options to purchase \$3,500 worth of shares of Common Stock (4)	Options to purchase \$3,500 worth of shares of Common Stock

(1) Annual cash retainers are payable quarterly.

(2) Initial equity grants are automatically granted on the date the director is elected or appointed as a director, chairman, member of a committee or chairman of a committee, as applicable.

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- (3) The initial equity grant upon election or appointment as a director shall vest in 3 equal annual installments following the date of grant.
- (4) Each initial equity grant shall be pro-rated for the number of whole months remaining until the anniversary of the prior year's stockholders' meeting, rounded down to the nearest whole share and shall vest on the anniversary of the prior year's stockholders' meeting provided the director provides continuous service as a director through such date.
- (5) Annual equity grants are automatically granted on the date of each annual meeting of the Company's stockholders and shall vest on the 1-year anniversary of the grant date provided the director provides continuous service as a director, member of the applicable committee or chairman, as applicable, through such date.

In addition, the following rules apply to initial and annual equity awards:

- All of the awards will be automatically granted to each non-employee director in the form of non-statutory stock options issued under our 2013 Equity Incentive Plan;
- The number of shares to be received in stock options is determined by using the Black-Scholes option valuation method to determine the value per option on the valuation date (the exercise price shall be the closing price of our common stock on the third trading day prior to the grant date);
- All of the non-employee directors' equity awards will become fully vested upon a Change in Control (as defined below) of our company; and
- All such automatic director option grants to non-employee directors shall have a maximum term of ten years.

For purposes of our non-employee director compensation plans or programs, a non-employee director is a director who is not employed by us and who does not receive compensation from us or have a business relationship with us that would require disclosure under certain rules of the SEC.

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

"Change in Control" means the occurrence of any of the following: (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 our securities representing more than fifty percent (50%) of the total voting power represented by our then-outstanding voting securities; (b) the consummation of the sale or disposition by us of all or substantially all of our assets; (c) the consummation of a merger or consolidation of our company with or into any other entity, other than a merger or consolidation which would result in the voting securities of our 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 our company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or (d) individuals who are members of our Board of Directors (the Incumbent Board) cease for any reason to constitute a majority of the members of our 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 our 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 hereof, be considered as a member of the Incumbent Board. A transaction shall not constitute a Change in Control under the definition set forth in the preceding sentence if its sole purpose is to change the state of our incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held our 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 Internal Revenue Code of 1986, as amended (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.

**Stockholder Communications with the Board of Directors**

Stockholders wishing to communicate with the Board of Directors or with an individual member of the Board of Directors may do so by writing to the Board of Directors or to the particular member of the Board of Directors, care of the Corporate Secretary by mail to our principal executive offices, Attention: Corporate Secretary. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed.

## EXECUTIVE OFFICERS

The following table provides information concerning our executive officers as of April 13, 2018:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Todd C. Brady, M.D., Ph.D.	46	Chief Executive Officer and Director
Stephen J. Tulipano	59	Chief Financial Officer
David J. Clark, M.D.	53	Chief Medical Officer

*Todd C. Brady, M.D., Ph.D.* See biographical information set forth above under “Proposal 1 — Election of Directors — Incumbent Class III Directors Whose Term Expires in 2020.”

*Stephen Tulipano* has served as our Chief Financial Officer since June 2014. He has over 30 years of accounting and financial experience, of which 18 years were focused on the pharmaceutical industry. Most recently, he held positions at Three Tulips Inc., an accounting and management advisory services firm, where he provided full-time accounting services and financial management counsel from September 2010 to June 2014. Prior to that, from April 2006 to July 2010, he served as Chief Financial Officer, Treasurer and Secretary of Javelin Pharmaceuticals where he helped lead the company through its acquisition by Hospira in 2010. Previously, he held the role of Director of Corporate Accounting at Biogen Idec. He has also held several accounting roles both within companies and accounting firms. Mr. Tulipano holds a B.S. in Business Administration and Accounting from Salem State College and an M.B.A. in Finance from the Sawyer School of Management at Suffolk University. He is also a Certified Public Accountant.

*David J. Clark, M.D.* has served as our Chief Medical Officer since January 2016. He has approximately 19 years of global industry experience in both pharmaceutical firms and biotechnology companies based in the United States and Europe. Prior to joining Aldeyra, Dr. Clark served as the Chief Medical Officer of Wilson Therapeutics, a privately-held biotechnology company developing novel pharmaceuticals to treat Wilson Disease, a rare autosomal recessive disorder of copper metabolism, from 2013 to 2015. Prior to that, from September 2011 to February 2013, he served as the Senior Vice President of Translational Medicine of TransTech Pharma, LLC, a privately held pharmaceutical company focused on the discovery and development of human therapeutics across a wide range of indications in several therapeutic areas, including metabolic, neuroscience, respiratory, ophthalmology and oncology. Previously, he held the role of Chief Medical Officer at NormOxys Inc., a privately held biotechnology company focused on the development of a new class of small molecule drugs for the treatment of oncology, cardiovascular and neuroscience indications. Dr. Clark has also held clinical leadership positions at Pfizer Inc. from 2001 to 2009 and at GlaxoSmithKline plc from 1997 to 2001. Dr. Clark received his medical degree from the University of Edinburgh, trained in internal medicine and conducted respiratory medicine academic research in the UK before moving into pharmaceutical industry research.

**EXECUTIVE COMPENSATION**

**Summary Compensation Table**

The following table provides information concerning the compensation paid to our Chief Executive Officer, our next two most highly compensated executive officers for our year ended December 31, 2017. We refer to these individuals as our named executive officers.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(1)</b>	<b>Nonequity Incentive Plan Compensation (\$)</b>	<b>Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Todd C. Brady, M.D., Ph.D.	2017	473,000	697,711	955,632	239,800(2)	—	—	2,366,143
President and Chief Executive Officer	2016	440,000	171,518	857,542	220,000	—	—	1,689,060
Stephen J. Tulipano	2017	324,005	—	844,702	114,984(2)	—	—	1,283,691
Chief Financial Officer	2016	301,400	—	102,905	105,490	—	—	509,795
David J. Clark, M.D.	2017	376,250	—	594,999	133,525(2)	—	—	1,104,774
Chief Medical Officer	2016	342,708	—	504,450	118,818	—	—	965,976

- (1) Reflects the aggregate grant date fair value of stock awards and option awards granted during the applicable year calculated in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 9 to our audited financial statements included in the 2017 Annual Report. In accordance with SEC rules, the grant date fair value of an award subject to performance conditions is based on the probable outcome of the conditions.
- (2) Represents amounts paid under our 2017 performance bonus plan paid in March of 2018.

**Narrative Explanation of Certain Aspects of the Summary Compensation Table**

**Employment Letters**

In November 2013, we entered into a letter agreement with Dr. Brady that became effective upon our initial public offering in May 2014. We and Dr. Brady amended such letter agreement in February 2014. Dr. Brady’s base salary for 2018 is \$506,000 and his target bonus is \$253,000.

In June 2014, we entered into a letter agreement with Mr. Tulipano in connection with the commencement of his employment. Mr. Tulipano’s base salary for 2018 is \$356,296 and his target bonus is \$124,704.

In December 2015, we entered into a letter agreement with Dr. Clark in connection with the commencement of his employment. Dr. Clark’s base salary for 2018 is \$424,445 and his target bonus is \$148,556.

Except as described below under “Severance and Change in Control Benefits,” each of our named executive officers must remain employed with us through the date of payment to be eligible to receive a bonus.

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

**Equity Compensation**

We offer stock options, restricted shares and restricted stock units to our named executive officers as the long-term incentive component of our compensation program. We typically grant equity awards to new hires upon their commencing employment with us and provide additional grants annually.

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In March 2017, Drs. Brady and Clark and Mr. Tulipano were each granted an option to purchase shares of common stock. The table below provides details regarding the foregoing grants.

<u>Name</u>	<u>Number of Shares Underlying Option Grants</u>	<u>Exercise Price for Option Grants (\$)</u>
Todd C. Brady, M.D., Ph.D.	250,000(1)	5.10
Stephen J. Tulipano	220,980(1)	5.10
David J. Clark, M.D.	155,656(1)	5.10

- (1) Option vests in equal monthly installments over four years of service following January 1, 2017 provided the optionee provides continuous service to us through each such vesting date.

In March 2017, Dr. Brady was granted a restricted stock unit award for 136,806 shares of common stock. The restricted stock unit vests in equal annual installments over four years of service following March 3, 2017 provided Dr. Brady provides continuous service to us through each such vesting date.

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

In March 2018, the compensation committee of our Board of Directors approved the grant of options to purchase 217,293 shares of our common stock to Dr. Brady; 125,670 shares of our common stock to Mr. Tulipano; and 108,633 shares of our common stock to Dr. Clark. The exercise price for each of the options was \$8.60 per share, which was the closing price of our common stock on The Nasdaq Capital Market on March 6, 2018. The options vest in equal monthly installments over four years of service following January 1, 2018 provided the named executive officer provides continuous service to us through such vesting dates. In addition, in March 2018, the compensation committee of our Board of Directors also granted a restricted stock unit award to Dr. Brady representing 96,144 shares of our common stock. This award vests in equal annual installments over four years of service following January 1, 2018.



**Outstanding Equity Awards at Fiscal 2017 Year-End**

The following tables show certain information regarding outstanding equity awards, including, but not limited to, restricted stock unit awards, held by our named executive officers as of December 31, 2017. Except as indicated in the footnotes below, options granted to our named executive officers are generally immediately exercisable with respect to all of the option shares (whether vested or unvested), subject to our repurchase right in the event that the executive's service terminates before vesting in such shares. For information regarding the vesting acceleration provisions applicable to the options held by our named executive officers, please see "Severance and Change in Control Benefits" below.

Name	Grant Date	Option Awards				Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Vested	Number of Securities Underlying Unexercised Options (#) Unvested	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or unit of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)(1)	Equity Incentive Plan Awards: number of unearned shares, units or other rights that have not vested (#)	Equity Incentive Plan Awards: payout value of unearned shares, units or other rights that have not yet vested (\$)
Todd C. Brady	9/8/2013	192,084	—	—	0.552	9/7/2023				
	9/8/2013	48,021	—	—	0.552	9/7/2023				
	9/8/2013	32,953	—	—	0.552	9/7/2023				
	10/30/2013	96,042	—	—	4.56	10/29/2023				
	5/7/2014	76,068	—	—	8.00	5/6/2024				
	6/3/2015	65,625(2)	24,375	—	7.85	6/2/2025				
	3/16/2016	119,792(3)	130,208	—	4.59	3/15/2026				
	5/3/2016						20,322(4)	138,190	—	—
	3/3/2017	57,292	192,708(5)	—	5.10	3/2/2027				
	3/3/2017					136,806(6)	930,280			
Stephen J. Tulipano	7/21/2014	59,187(7)	8,455	—	4.99	7/20/2024				
	6/3/2015	18,229(2)	6,771	—	7.85	6/2/2025				
	3/16/2016	14,375(3)	15,625	—	4.59	3/15/2026				
	3/3/2017	50,641(5)	170,339	—	5.10	3/2/2027				
David J. Clark	1/11/2016	47,917(8)	52,083	—	6.76	1/10/2026				
	3/3/2017	29,186(5)	126,471	—	5.10	3/2/2027				

- (1) Computed in accordance with SEC rules as the number of unvested shares multiplied by the closing market price of our Common Stock on December 29, 2017 (the last business day of our 2017 fiscal year), which was \$6.80. The actual value (if any) to be realized by the officer depends on whether the shares vest and the future performance of our Common Stock.
- (2) Option vests in equal monthly installments over four years of service following January 1, 2015 provided the optionee provides continuous service to us through each such vesting date.
- (3) Option vests in equal monthly installments over four years of service following January 1, 2016 provided the optionee provides continuous service to us through each such vesting date.
- (4) Restricted stock unit award vests in equal annual installments over four years of service following May 3, 2017 provided the grantee provides continuous service to us through each such vesting date.
- (5) Option vests in equal monthly installments over four years following January 1, 2017.
- (6) Restricted stock unit award vests in equal annual installments over four years of service following March 3, 2017 provided the grantee provides continuous service to us through each such vesting date.
- (7) Option vests with respect to 25% of the shares after 12 months of continuous service with us following June 23, 2014, with the balance becoming exercisable in equal monthly installments over the next 36 months of continuous service provided thereafter.
- (8) Option vests with respect to 25% of the shares after 12 months of continuous service with us following January 11, 2016, with the balance becoming exercisable in equal monthly installments over the next 36 months of continuous service provided thereafter.

### Severance and Change in Control Benefits

Pursuant to their letter agreements and offer letters, in addition to any equity acceleration provided for in our Change in Control Plan (the CIC Plan) discussed below, if we terminate the employment of any of our named executive officers without cause or if such executive resigns for good reason, then such named executive will be eligible to receive:

- continued payment of base salary for 12 months (9 months in the case of Mr. Tulipano and Dr. Clark);
- a lump-sum cash payment equal to the greater of such executive's target bonus for the year in which such termination occurs or the actual bonus paid to the executive with respect to our most recently completed fiscal year; and
- payment by us of the monthly premiums under COBRA for such executive and their eligible dependents for up to 12 months (9 months in the case of Mr. Tulipano and Dr. Clark) following the termination of such executive's employment.

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

"Cause" means an officer's:

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

"Good Reason" means a resignation within 12 months after one of the following conditions has come into existence without the officer's consent, but only if such officer has provided us with written notice of such condition within 90 days after it has come into existence and we have failed to cure such condition within 30 days after we receive such notice:

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

In March 2017, the compensation committee of our Board of Directors approved and established the CIC Plan, which provides for the accelerated vesting for outstanding unvested equity awards held by our eligible employees who are subject to a qualifying employment termination in connection with a change in control, including our executive officers. The CIC Plan provides for acceleration of 100% of the unvested equity held by our executive officers in the event the officer's employment is terminated without cause, or the officer resigns for good reason, in each case within 3 months before or 12 months following a change in control. In connection with the adoption of the CIC Plan, Dr. Brady waived the "single trigger" acceleration of his equity awards on consummation of a change in control provided for in his offer letter. In addition, the CIC Plan shall replace any and all change of control provisions provided for in the equity or equity based awards granted to Drs. Brady and Clark prior to the establishment of the CIC Plan.

For the purpose of the CIC Plan, the following terms have the definitions set forth below:

A termination for “cause” means termination by us of the executive officer’s employment by reason of the occurrence of any one or more of the following: (i) an act or acts of personal dishonesty taken by the executive officer and intended to result in substantial personal enrichment of the executive officer at the expense of the Company; (ii) repeated violations by the executive officer of the executive officer’s duties and obligations (other than as a result of incapacity due to physical or mental illness) which are demonstrably willful and deliberate on the executive officer’s part, which are committed in bad faith or without reasonable belief that such violations are in the Company’s best interests and which are not remedied in a reasonable period of time after receipt of written notice from the Company; (iii) indictment or plea of nolo contendere of the executive officer of a felony involving moral turpitude; or (iv) the material breach of the executive’s proprietary information and inventions agreement.

“Change in Control” means the occurrence of any of the following: (i) 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 our securities representing more than fifty percent (50%) of the total voting power represented by our then-outstanding voting securities; (ii) the consummation of the sale or disposition by us of all or substantially all of our assets; (iii) the consummation of a merger or consolidation of our 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 our company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or the Incumbent Board ceases for any reason to constitute a majority of the members of our 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 our 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 the CIC Plan, be considered as a member of the Incumbent Board. A transaction shall not constitute a Change in Control under the definition set forth in the preceding sentence if its sole purpose is to change the state of our incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held our securities immediately before such transaction.

“Good reason” means (i) a material diminution in the executive officer’s base salary or target bonus by more than 10%, except in connection with company-wide cost reduction; (ii) a material diminution in the executive officer’s authority, duties or responsibilities with respect to our company or any successor or acquiring entity, including, without limitation, any requirement that an officer who is our chief executive officer report to anyone other than to the Board of Directors of the ultimate parent entity of the Company (the “Ultimate Parent”) or that an executive officer (other than our chief executive officer) report to anyone other than the chief executive officer of the Ultimate Parent; (iii) a breach of a material provision of the executive officer’s employment or other written agreement governing employment with us (it being understood that a change in title without the executive officer’s consent shall be a material breach); or (iv) a relocation of the executive officer’s principal workplace by more than 50 miles from where the executive officer performed services prior to the relocation, without the executive officer’s prior consent. However, good reason shall not exist unless (i) the executive officer has given written notice to us within 90 days of the initial existence of the good reason event or condition(s) giving specific details regarding the event or condition; (ii) we have failed to cure such event or condition within 30-days of receiving such notice, and (iii) the executive officer resigns within 30 days of the expiration of the 30-day cure period provided for in clause (ii) provided that we have not cured the event or condition.

### **Employee Benefits and Perquisites**

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

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 13, 2018 for:

- each of our named executive officers;
- each of our directors;
- all of our current executive officers and directors as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock.

The table below is based upon information supplied by officers, directors and principal stockholders and Schedule 13Gs and 13Ds filed with the SEC through April 13, 2018.

The percentage ownership is based upon 19,664,921 shares of common stock outstanding as of April 13, 2018.

For purposes of the table below, we deem shares of common stock subject to options that are currently exercisable or exercisable within sixty (60) days of April 13, 2018 and common stock subject to restricted stock unit awards that will vest within sixty (60) days of April 13, 2018 to be outstanding and to be beneficially owned by the person holding the options or restricted stock unit award for the purpose of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. Except as otherwise noted, the persons or entities in this table have sole voting and investing power with respect to all of the shares of common stock beneficially owned by them, subject to community property laws, where applicable. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Aldeyra Therapeutics, Inc., 131 Hartwell Avenue, Suite 320, Lexington, Massachusetts 02421.

<b><u>Name of Beneficial Owner</u></b>	<b><u>Number</u></b>	<b><u>Percentage</u></b>
<b><i>5% or Greater Stockholders</i></b>		
Perceptive Advisors LLC	3,085,458(1)	15.69%
Funds affiliated with Domain Associates, L.L.C.	1,992,955(2)	10.13%
Johnson & Johnson Innovation-JJDC, Inc.	1,750,292(3)	8.90%
FMR LLC	1,611,311(4)	8.71%
Sphera Funds Management Ltd.	1,044,131(5)	5.31%
683 Capital Management LLC	1,000,000(6)	5.09%
<b><i>Executive Officers and Directors</i></b>		
Todd Brady, M.D., Ph.D.	867,674(7)	4.24%
Stephen Tulipano	204,220(8)	1.03%
David J. Clark, M.D.	131,635(9)	*
Ben Bronstein, M.D.	72,359(10)	*
Richard H. Douglas, Ph.D	74,798(11)	*
Martin J. Joyce	65,533(12)	*
Gary Phillips, M.D.	64,049(13)	*
Jesse Treu, Ph.D.	2,039,655(14)	10.35%
Neal Walker, D.O.	59,443(15)	*
All current executive officers and directors as a group (9 persons)	3,579,365(16)	16.99%

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

(1) Perceptive Advisors LLC and Joseph Edelman beneficially own 3,085,458 shares of Common Stock, all of which are held by Perceptive Life Sciences Master Fund Ltd, a private investment fund to which Perceptive

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Advisors LLC serves as the investment manager. Mr. Edelman is the managing member of Perceptive Advisors LLC. The address for Perceptive Advisors LLC, Perceptive Life Sciences Master Fund Ltd and Joseph Edelman is 51 Astor Place, 10<sup>th</sup> Floor, New York, NY 10003. The foregoing information in this footnote is based on a Schedule 13G/A filed by Perceptive Advisors LLC, Perceptive Life Sciences Master Fund Ltd and Joseph Edelman on February 14, 2018.

- (2) Consists of 10,358 shares of common stock held by Domain Associates, L.L.C., 1,973,389 shares of common stock held by Domain Partners VI, L.P. and 9,208 shares of common stock held by DP VI Associates, L.P. The managing members of Domain Associates, L.L.C. share voting and investment power with respect to the securities held by Domain Associates, L.L.C. The managing members of Domain Associates, L.L.C. are James Blair, Brian Dovey, Nicole Vitullo, Brian Halak and Kim Kamdar. The managing members of One Palmer Square Associates VI, L.L.C., the general partner of Domain Partners VI, L.P. and DP VI Associates, L.P., share voting and investment power with respect to the securities held by Domain Partners VI, L.P. and DP VI Associates, L.P. The managing member of One Palmer Square Associates VI, L.L.C. are James Blair, Jesse Treu, Brian Dovey and Nicole Vitullo. Each of James Blair, Jesse Treu, Brian Dovey, Nicole Vitullo, Brian Halak and Kim Kamdar disclaims beneficial ownership of the securities held by Domain Partners VI, L.P., DP VI Associates, L.P. and Domain Associates, L.L.C. except to the extent of his or her pecuniary interest therein, if any. The address of Domain Associates, L.L.C., Domain Partners VI, L.P. and DP VI Associates, L.P. is: One Palmer Square, Suite 515, Princeton, NJ 08542. The foregoing information in this footnote is based on a Schedule 13G filed by Domain Partners VI, L.P. and DP VI Associates, L.P. on February 5, 2015.
- (3) Linda Vogel, Investment Portfolio Manager, of Johnson & Johnson Innovation-JJDC, Inc. (JJDC) exercises voting and dispositive power over the shares held by JJDC. The address of JJDC is: 410 George St., New Brunswick, NJ 08901. The foregoing information in this footnote is based on a Schedule 13G filed by Johnson & Johnson Innovation — JJDC, Inc. and Johnson & Johnson on February 5, 2015.
- (4) Consists of (a) 1,076,452 shares held by Fidelity Select Biotechnology Portfolio and (b) 534,859 shares beneficially owned, or that may be deemed to be beneficially owned, by FMR LLC, certain of its subsidiaries and affiliates, and other companies. These accounts are managed by direct or indirect subsidiaries of FMR LLC. Abigail P. Johnson is a Director, the Vice Chairman and the President of FMR LLC. Members of the family of Edward C. Johnson 3d, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered in to a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (Fidelity Funds) advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for Fidelity Select Portfolios: Biotechnology Portfolio is c/o Brown Brothers Harriman & Co., 525 Washington Blvd, Jersey City, NJ 07310. The address for Fidelity Advisor Series VII: Fidelity Advisor Biotechnology Fund is c/o State Street Bank & Trust, P.O. Box 5756, Boston, MA 02206. The foregoing information in this footnote is based on a Schedule 13G/A filed by FMR LLC, Abigail P. Johnson and Select Biotechnology Fund on October 10, 2017.
- (5) Consists of 1,014,269 shares of Common Stock, are held directly by Sphera Global Healthcare Master Fund, which has delegated its investment management authority to Sphera Global Healthcare Management Ltd. (the "Management Company"). 29,862 shares of Common Stock, are held directly by HFR HE Sphera Global Healthcare Master Trust, which has delegated its investment management authority to the Management Company. The Management Company is managed, controlled, and operated by its general partner, Sphera Global Healthcare GP Ltd., which is controlled jointly by Sphera Funds Management Ltd.

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and Moshe Arkin. The principal business address for Sphera Funds Management Ltd is 21 Ha'arba'ah Street, Tel Aviv 64739, Israel. The foregoing information is based on a Schedule 13G filed by Sphera Funds Management Ltd. on February 13, 2018.

- (6) 683 Capital Management, LLC, as the investment manager of 683 Capital Partners, LP, may be deemed to have beneficially owned the 1,000,000 shares of Common Stock beneficially owned by 683 Capital Partners, LP. Ari Zweiman, as the Managing Member of 683 Capital Management, LLC, may be deemed to have beneficially owned the 1,000,000 shares of Common Stock beneficially owned by 683 Capital Management, LLC. The principal business address for 683 Capital Partners, LP is 3 Columbus Circle, Suite 2205, New York, NY 10019. The foregoing information is based on a Schedule 13G filed by 683 Capital Partners, LP on January 22, 2018.
- (7) Includes options to purchase 784,261 shares of common stock that may be exercised within 60 days of the Record Date and 40,976 shares of common stock underlying time-based RSUs that are expected to vest and settle within 60 days of the Record Date.
- (8) Includes options to purchase 195,657 shares of common stock that may be exercised within 60 days of the Record Date.
- (9) Includes options to purchase 126,861 shares of common stock that may be exercised within 60 days of the Record Date.
- (10) Includes options to purchase 55,415 shares of common stock that may be exercised within 60 days of the Record Date.
- (11) Includes options to purchase 34,798 shares of common stock that may be exercised within 60 days of the Record Date.
- (12) Includes options to purchase 47,589 shares of common stock that may be exercised within 60 days of the Record Date.
- (13) Includes options to purchase 54,674 shares of common stock that may be exercised within 60 days of the Record Date.
- (14) Includes options to purchase 46,700 shares of common stock that may be exercised within 60 days of the Record Date and securities beneficially owned by Domain Partners VI, DP VI Associates, L.P. and Domain Associates LLC as set forth in footnote 1 above, for which Dr. Treu may be deemed to share voting and investment power. Dr. Treu disclaims beneficial ownership of the securities held by Domain Partners VI, DP VI Associates, L.P. and Domain Associates LLC except to the extent of his pecuniary interest therein, if any.
- (15) Includes options to purchase 53,193 shares of common stock that may be exercised within 60 days of the Record Date.
- (16) Includes options to purchase 1,399,148 shares of common stock that may be exercised within 60 days of the Record Date and 40,976 shares of common stock underlying time-based RSUs that are expected to vest and settle within 60 days of the Record Date.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements with our directors and executive officers described elsewhere in this proxy statement, the following is a description of each transaction since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeds or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

### Employment Agreements

We have entered into offer letters with our named executive officers. For more information regarding these agreements, see the section of this prospectus entitled “Executive Compensation — Narrative Disclosure to Compensation Tables.”

### Indemnification Agreements

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

### Equity Grants and Awards to Executive Officers and Directors

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

### Policies and Procedures for Related Party Transactions

Pursuant to our code of conduct and audit committee charter, any related party transaction or series of transactions with an executive officer, director, or any of such persons’ immediate family members or affiliates, in which the amount, either individually or in the aggregate, involved exceeds \$120,000 must be presented to our audit committee for review, consideration and approval. All of our directors and executive officers are required to report to our audit committee any such related party transaction. In approving or rejecting the proposed transactions, our audit committee shall consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director’s independence. Our audit committee shall approve only those transactions that, in light of known circumstances, are not inconsistent with Aldeyra’s best interests, as our audit committee determines in the good faith exercise of its discretion.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our executive officers and directors and persons who own more than 10% of our common stock, file reports of ownership and changes of

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ownership with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons, we believe that during fiscal 2017, all Section 16(a) filing requirements were satisfied on a timely basis.



## AUDIT COMMITTEE REPORT

*The information contained in the following report of Aldeyra's audit committee is not considered to be "soliciting material," "filed" or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless and only to the extent that Aldeyra specifically incorporates it by reference.*

### **Review of Audited Financial Statements for the Year Ended December 31, 2017**

The audit committee has reviewed and discussed with Aldeyra's management and BDO USA, LLP the audited financial statements of Aldeyra for the year ended December 31, 2017. The audit committee has also discussed with BDO USA, LLP the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as currently in effect and as adopted by the Public Company Accounting Oversight Board ("PCAOB").

The audit committee has received and reviewed the written disclosures and the letter from BDO USA, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and has discussed with BDO USA, LLP its independence from us.

Based on the review and discussions referred to above, the audit committee recommended to the Board of Directors that the audited financial statements be included in the 2017 Annual Report for filing with the SEC.

Submitted by the audit committee of the Board of Directors:

Marty Joyce (Chair)  
Ben Bronstein, M.D.  
Jesse I. Treu, Ph.D.

**OTHER MATTERS**

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the proxy card to vote the shares they represent as Aldeyra may recommend.

It is important that your shares be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote at your earliest convenience on the Internet or by telephone as instructed, or by executing and returning a proxy card, if you have requested one, in the envelope provided.

THE BOARD OF DIRECTORS

Lexington, Massachusetts  
April 25, 2018

**AMENDMENT NO. 2 TO THE ALDEYRA THERAPEUTICS, INC.  
2013 EQUITY INCENTIVE PLAN**

Aldeyra Therapeutics, Inc., a Delaware corporation (the “Company”), adopted the 2013 Equity Incentive Plan on September 8, 2013 (the “Plan”). Unless otherwise defined herein, all capitalized terms shall have the meaning set forth in the Plan.

1. Section 3.2 of the Plan shall be amended and restated in its entirety to read as follows:

“**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 2019 fiscal year, the aggregate number of Common Shares that may be issued under the Plan shall automatically increase by a number equal to the lower of (a) 6% of the total number of Common Shares outstanding on the last calendar day of the prior fiscal year or (b) a number of Common Shares determined by the Board.”

2. The following new subsections 3.5(e) and 3.5(f) shall be added to the Plan:

“(e) The maximum annual aggregate grant date fair value (as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“**Topic 718**”), or any successor thereto) of Options and SARs that may be granted under this Plan to an Outside Director as compensation for services as an Outside Director during a calendar year shall not exceed \$500,000.

(f) The maximum aggregate grant date fair value (as determined in accordance with Topic 718, or any successor thereto) of Common Shares issued as either Restricted Shares and Stock Units that may be granted under this Plan to an Outside Director as compensation for services as an Outside Director during a calendar year shall not exceed \$500,000.”

Except as expressly amended hereby, the Plan shall remain unchanged and in full force and effect and is hereby ratified and confirmed.

Adopted by the Company’s Board of Directors: March 6, 2018

**ALDEYRA THERAPEUTICS, INC.**  
**131 HARTWELL AVE.**  
**LEXINGTON, MA 02421**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E27181-P91615

**KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY**

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

<p><b>ALDEYRA THERAPEUTICS, INC.</b></p> <p><b>The Board of Directors recommends you vote FOR the following:</b></p> <p><b>1</b>                  Election of Two Class I Directors</p> <p><b>Nominees:</b>                  01) Ben Bronstein, M.D.                  02) Jesse I. Treu, Ph.D.</p> <p><b>The Board of Directors recommends you vote FOR proposal 2.</b></p> <p><b>2.</b> To ratify the appointment of BDO USA, LLP as Aldeyra Therapeutics, Inc.'s independent registered public accounting firm for the year ending December 31, 2018.</p> <p><b>The Board of Directors recommends you vote FOR proposal 2.</b>                  To approve an amendment to Aldeyra Therapeutics' 2013 Equity Incentive Plan (2013 Plan) to modify the automatic "evergreen" provisions</p> <p><b>3.</b> regarding the number of shares to be annually added to the 2013 Plan and implement limitations on the value of equity that may be granted under the 2013 Plan to a non-employee director during a calendar year.</p> <p>Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.</p>	<p><b>For All</b></p> <p><input type="checkbox"/></p>	<p><b>Withhold All</b></p> <p><input type="checkbox"/></p>	<p><b>For All Except</b></p> <p><input type="checkbox"/></p>	<p>To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.</p> <p>_____</p>			
	<b>For</b>	<b>Against</b>	<b>Abstain</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>For</b>	<b>Against</b>	<b>Abstain</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date				

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

E27182-P91615

**ALDEYRA THERAPEUTICS, INC.**  
**Annual Meeting of Stockholders**  
**June 7, 2018**  
**This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Todd C. Brady, M.D., Ph.D. and Stephen Tulipano, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Aldeyra Therapeutics, Inc. that the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 AM, EDT on June 7, 2018, at the Offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, One Marina Park Drive, Suite 900, Boston, MA 02210, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**