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

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2016

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number 001-36672

EYEGATE PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**98-0443284**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

271 Waverley Oaks Road
Suite 108
Waltham, MA 02452

(Address of Principal Executive Offices, including zip code)

(781) 788-9043

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.01 par value
Warrants to Purchase Common Stock

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller

reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2016 was approximately $23,185,377. Shares of the registrant's common stock held by each officer and director and each person known to the registrant to own 10% or more of the outstanding voting power of the registrant have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not a determination for other purposes.

At February 17, 2017, there were 10,234,883 shares of the registrant's common stock issued and outstanding.

EYEGATE PHARMACEUTICALS, INC.
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For the Year Ended December 31, 2016

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains statements that are not statements of historical fact and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each as amended. The forward-looking statements are principally, but not exclusively, contained in "Item 1: Business" and "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about management's confidence or expectations, and our plans, objectives, expectations and intentions that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "goals," "sees," "estimates," "projects," "predicts," "intends," "think," "potential," "objectives," "optimistic," "strategy," and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss many of these risks in detail under the heading "Item 1A. Risk Factors" beginning on page 23 of this Annual Report on Form 10-K. You should carefully review all of these factors, as well as other risks described in our public filings, and you should be aware that there may be other factors, including factors of which we are not currently aware, that could cause these differences. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. We may not update these forward-looking statements, even though our situation may change in the future, unless we have obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

EyeGate Pharmaceuticals, Inc. is referred to herein as "we," "our," "us," and "the Company."

PART I

Item 1. *Business.*

Overview

We are a clinical-stage specialty pharmaceutical company that is focused on developing and commercializing products for treating diseases and disorders of the eye. EGP-437, our first product in clinical trials, incorporates a reformulated topically active corticosteroid, Dexamethasone Phosphate, that is delivered into the ocular tissues through our proprietary innovative drug delivery system, the EyeGate® II Delivery System. EGP-437 is being developed under the 505(b)(2) New Drug Application, or NDA, regulatory pathway for drugs submitted for approval to the U.S. Food and Drug Administration, or FDA, which enables an applicant to rely, in part, on the FDA's findings of safety and efficacy for an existing product, or published literature, in support of its NDA.

In addition, through our acquisition of Jade in March 2016 (the "Jade Acquisition"), we are developing products using cross-linked thiolated carboxymethyl hyaluronic acid ("CMHA-S"), a modified form of the natural polymer hyaluronic acid, which is a gel that possesses unique physical and chemical properties such as hydrating and healing properties when applied to the ocular surface. The ability of CMHA-S to adhere longer to the ocular surface, resist degradation and protect the ocular surface makes it well-suited for treating various ocular surface injuries. Our first CMHA-S-based product, the EyeGate Ocular Bandage Gel ("OBG"), has completed a pilot trial where we recently announced positive top-line data. OBG is a topically-applied eye drop formulation that is being developed under the 510(k) De Novo path for devices submitted for marketing clearance to the U.S. FDA.

The EyeGate® II Delivery System features a compact, elegant, and easy-to-use device that we believe has the potential to deliver drugs non-invasively and quickly into the ocular tissues through the use of iontophoresis, which can accelerate the onset of action, dramatically reduce treatment frequency versus eye drops and sustain therapeutic effect. Iontophoresis employs the use of a low electrical current that promotes the migration of a charged drug substance across biological membranes. The current produces ions, which through electrorepulsion, drive a like-charged drug substance into the tissues. The EyeGate® II Delivery System is easy-to-use, only takes a few minutes to employ and more than 2,400 treatments have been administered in clinical trials.

We are developing EGP-437 for the treatment of various inflammatory conditions of the eye, including the treatment of ocular inflammation and pain in post-surgical cataract patients and uveitis, a debilitating form of intraocular inflammation of the anterior portion of the uvea, such as the iris and/or ciliary body. Based on guidance provided by the FDA, the Company expects that if the planned confirmatory Phase 3 trial of EGP-437 in anterior uveitis meets non-inferiority criteria, data from this trial along with data from our previously completed Phase 3 trial in anterior uveitis will be sufficient to support a NDA filing. The Company also believes, based on guidance provided by the FDA, that the design of the planned confirmatory Phase 3 anterior uveitis trial is acceptable and that the nonclinical work completed to date is sufficient to support a NDA filing.

We have entered into two exclusive global license agreements with subsidiaries of Valeant Pharmaceuticals International, Inc. ("Valeant"), through which EyeGate has granted Valeant exclusive, worldwide commercial and manufacturing rights to its EyeGate® II Delivery System and EGP-437 combination product, or the Product, in the fields of uveitis and ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients, as well as a right of last negotiation to license the Product for other indications. EyeGate shall be responsible for the development of the Product in the U.S. for the indications, together with the costs associated therewith. Valeant has the right to develop the Product in the fields outside of the U.S. and has agreed to fund 100% of any costs associated therewith.

The CMHA-S platform is based on hyaluronic acid ("HA"), a naturally occurring polymer that is important in many physiological processes, including wound healing, tissue homeostasis, and joint lubrication. To create hydrogels, the HA is modified to create CMHA-S that is then cross-linked together through the thiol groups. Some products employ disulfide cross-linking while others utilize a Polyethylene Glycol Diacrylate, or PEGDA, cross-linker. Cross-linking slows degradation of the HA backbone and provides a matrix for

incorporating therapeutic agents. Variations in the number of thiols per molecule, the molecular weight of the polymer, the concentration of the polymer, the type of cross-linking, and incorporation of active ingredients, provides a highly versatile platform that can be tailored to a specific application. CMHA-S can be formulated as gels or films.

Our first CMHA-S-based product candidate, the EyeGate Ocular Bandage Gel ("OBG"), is a topically-applied eye drop formulation that has completed its first-in-man clinical trial. We have recently announced positive top-line data from this initial pilot trial evaluating the ability of EyeGate OBG to accelerate ocular surface re-epithelialization following photorefractive keratectomy ("PRK"). The EyeGate OBG eye drop creates a thin, durable and protective coating to the damaged surface of the eye, serving to facilitate and accelerate corneal re-epithelization. The EyeGate OBG is intended for the management of corneal epithelial defects, and to accelerate re-epithelization of the ocular surface following surgery, injection, and other traumatic and non-traumatic conditions.

Pilot preclinical studies suggest that the specific CMHA-S chemical modification comprising the EyeGate OBG creates a favorable set of attributes, including prolonged retention time on the ocular surface, and a smooth continuous clear barrier without blur that can minimize mechanical lid friction, reduce repeat injury, and mechanically protect the ocular surface, allowing accelerated corneal re-epithelization.

The gel is presently available commercially as a veterinary device indicated for use in the management of superficial corneal ulcers. Manufactured by SentrX Animal Care and sold in the U.S. by Bayer Animal Health as Remend® Corneal Repair, the product has been used successfully for five years in dogs, cats and horses, without adverse effects. The composition of the veterinary product is identical to that of the EyeGate OBG. We do not have the rights to the CMHA-S platform for animal health or veterinary medicine.

Product	Indication	Stage	Target Filing Dates
OBG Crosslinked HA	**Large Corneal Epithelial Defects**	• Pilot Trial completed in patients having undergone photorefractive keratectomy ("PRK"): Positive data announced • Next Trial: Initiation Q2 17	• 510(K) De Novo filing targeted for year-end 2017 • CE Mark targeted for year-end 2017
EGP-437 Iontophoresis	**Cataract Surgery**	• Phase 1b/2a completed: Positive data announced • Initiating Phase 2 Trial	• NDA supplemental filing targeted for H2 2018
	Anterior Uveitis	• 2nd Phase 3 Pivotal Trial: Enrolling	• NDA filing targeted for year-end 2017

Our Strategy

Our goal is to become a leading specialty pharmaceutical company focused on developing and commercializing products for treating diseases and disorders of the eye. The key elements of this strategy are to:

- *Continue clinical development of our EyeGate OBG device for the treatment of corneal epithelial defects.* We have just completed our first-in-man trial enrolling subjects with a 9mm corneal wound, a large corneal epithelial defect, post photorefractive keratectomy (PRK) surgery and released positive top-line data in the first quarter of 2017. We anticipate initiating a double-masked controlled trial in the second quarter of 2017 and expect to have top-line data in the third quarter of 2017.
- *Continue clinical development of our EGP-437 Combination Product for the treatment of inflammation and pain post cataract surgery*. We have completed an 80 subject open-label dose ranging trial and plan on initiating a Phase 2b trial in the first quarter of 2017. We expect to have topline data for this trial by year-end 2017.
- *Continue clinical development of our EGP-437 Combination Product for the treatment of noninfectious anterior uveitis.* We have initiated and begun enrolling patients for the confirmatory Phase 3 trial evaluating the safety and efficacy of our EGP-437 Combination Product for the treatment of noninfectious anterior uveitis. Based on our estimates regarding subject enrollment, we expect to have topline data for this trial in the third quarter of 2017.

- *Utilize the EyeGate iontophoresis expertise to expand our drug delivery platform for the treatment of eye diseases.* Our initial platform, the EyeGate® II Drug Delivery System, is an in-office treatment performed by an eye care giver. We plan to develop a system based on iontophoresis that could be applied at home by the patient. This would be ideal for the treatment of certain chronic ocular diseases where less frequent visits to the eye care givers office are required.
- *Pursue other strategic collaborations.* We plan to evaluate opportunities to enter into collaborations that may contribute to our ability to advance our drug delivery platform and product candidates and to progress concurrently a range of discovery and development programs. We also plan to evaluate opportunities to in-license or acquire the rights to other products, product candidates or technologies for the treatment of eye diseases.

Ophthalmic Market Opportunity

Ophthalmology is a specialty market with commercial and regulatory dynamics that make it possible for small or medium sized companies like us to develop and commercialize products on our own. We believe that the specialists in the U.S. who treat ocular diseases are sufficiently concentrated that we could effectively promote our products with a specialty sales and marketing group.

EyeGate OBG

The EyeGate OBG is a synthetic biocompatible cross-linked thiolated carboxymethyl hyaluronic acid (CMHA-S) hydrogel capable of coating the ocular surface and designed to resist degradation under conditions present in the eye. This prolongs residence time of the bandage on the ocular surface, thereby addressing the limitations of current non-cross-linked hyaluronic acid formulations. Additionally, cross-linking allows the product's viscosity to be modified to meet optimum ocular needs. The increased viscosity and non-covalent muco-adhesive interfacial forces improve residence time in the tear film, thus providing a coating that aids and promotes re-epithelization of the ocular surface via physical protection.

The EyeGate OBG exhibits significant shear thinning properties. This feature allows the CMHA-S polymer to act as a more concentrated, viscous barrier at low shear rates in a resting tear film, but also as a lower resistance fluid (therefore thinned) during high shear events such as blinking. This property enables better residence time and a more favorable ocular surface coating with less optical blur. This should enhance ocular surface protection and patient comfort.

The EyeGate OBG has been shown to provide a mechanical barrier that aids in the management of corneal epithelial defects and accelerates re-epithelization in both preclinical studies and in clinical ophthalmic veterinary use. As such, photorefractive keratectomy (PRK) surgery was chosen as the subject population which is best suited to demonstrate this effect. PRK is an efficacious alternative to patients seeking surgical correction of refractive errors who are not suitable candidates for laser in situ keratomileusis (LASIK) due to inadequate corneal thickness, larger pupil size, history of keratoconjunctivitis sicca (KCS), or anterior basement membrane disease. The primary effectiveness endpoint for this initial pilot trial will be time to re-epithelization of epithelial defect following PRK surgery. We have completed the trial and have recently announced positive top-line data in the first quarter of 2017.

EyeGate® II Delivery System and EGP-437

Delivery of therapeutic agents using ocular iontophoresis has been of interest as a means of non-invasively achieving higher drug levels within the eye by promoting the migration of a charged drug substance across biological membranes with a low electrical current. The EyeGate® II Delivery System applicator utilizes an inert electrode, which stimulates the electrolysis of water to produce ions (hydroxide or hydronium), which via electrorepulsion, drive a like-charged drug substance into the ocular tissues. The EyeGate® II Delivery System delivery platform requires custom pharmaceutical formulations to enable delivery efficiency and safety while allowing for potential novel intellectual property. The data from multiple clinical trials suggests that EGP-437 does not significantly raise mean intraocular pressure, or IOP, at the time points evaluated during the study period.

Many front of the eye diseases such as cataract surgery and non-infectious anterior uveitis are acute inflammatory conditions. The current standard of care to treat ocular surface and anterior segment

inflammation is patient administered corticosteroids in the form of eye drops. Topical corticosteroids suffer from a number of drawbacks including low ocular bioavailability, rapid clearance and steroid-related side effects including elevated IOP. We believe that our EGP-437 Combination Product has the potential to address these unmet needs by providing in-office treatments given by the eye care provider thereby mitigating the patient compliance issues and substantially reducing the burden of care.

Currently, the only primary route of administration for drugs treating retinal diseases is through intravitreal injection into the vitreous of the eye. These injections must be given as frequently as once per month when treating chronic diseases like macular degeneration. Unfortunately, there are known drawbacks associated with administering intravitreal injections, including safety risks, adverse patient experience and being time- and labor-intensive to administer. Data from our Phase 1b/2a proof-of-concept trial suggests that iontophoresis can non-invasively deliver EGP-437 to the back of the eye. The non-invasive delivery of EGP-437 has demonstrated a positive response in some patients with macular edema.

Current Targeted Indications

EyeGate OBG: Large Corneal Epithelial Defects

The EyeGate OBG provides a thin coating to the surface of the eye, serving as a protectant to facilitate and accelerate corneal re-epithelization. EyeGate conducted a randomized masked, prospective study of the safety and performance of the EyeGate Ocular Bandage Gel, a 0.75% crosslinked Hyaluronic Acid applied topically for accelerating re-epithelization of large corneal epithelial defects resulting from photorefractive keratectomy (PRK) used in combination with and without a bandage contact lens.

Photorefractive keratectomy (PRK) is an efficacious alternative to patients seeking surgical correction of refractive errors who are not suitable candidates for laser in situ keratomileusis (LASIK) due to inadequate corneal thickness, larger pupil size, history of keratoconjunctivitis sicca (KCS), or anterior basement membrane disease. PRK involves controlled mechanical removal of corneal epithelium with subsequent excimer laser photoablation of the underlying Bowman’s layer and anterior stroma, including the subepithelial nerve plexus.

The military prefers PRK as a refractive surgery due to the stability of the PRK incision and the absence of risk for flap dislocation during military active duty. Although this procedure yields desirable visual acuity results, common complications of the procedure include post-operative pain secondary to the epithelial defects, risk of corneal infection prior to re-epithelization of the large epithelial defect, corneal haze formation, decreased contrast sensitivity, and slower visual recovery.

Per our discussion with the FDA at the pre-submission meeting that occurred in the fourth quarter of 2016, we also plan on designing and initiating trials during the second half of 2017 that will broaden the indications for use of OBG beyond PRK, including ocular burns, microabrasions, superficial punctate keratitis and other conditions. The designs will be based on size of defect and not a specific underlying cause or indication.

EGP-437: Cataract Surgery

Cataracts are the leading cause of blindness worldwide, and there are more than 24 million people age 40 and older who have cataracts in the U.S. alone, according to the Vision Problems in the U.S. report from Prevent Blindness. A cataract is a clouding of the lens in the eye that affects vision. Most cataracts are related to aging and are very common in older people. By age 80, more than half of the U.S. population either have a cataract or have had cataract surgery. Cataract surgery is the most common surgical procedure in the population aged over 65 years. There are approximately three million cataract surgeries performed per year in the U.S. As the technology of cataract surgery has progressed, so too, has the increased patient demand for excellent vision and safety after the procedure, but visual rehabilitation after cataract surgery is sometimes delayed by the inflammatory processes that are induced by phacoemulsification where the eye’s internal lens is emulsified with an ultrasonic hand piece and aspirated from the eye. Inflammation is induced in all cataract surgery by the mechanical transmission of energy into the eye, disruption of cell membranes, and the normal healing process. Postoperative topical corticosteroids are used routinely to reduce inflammation and improve visual outcomes after cataract surgery. Despite their use, transient corneal edema is one of the major factors

hindering the improvement of vision in the first days after surgery, and cystoid macula edema may reduce quality of vision for weeks and months after the procedure. Therefore, reducing inflammation and its potential damage to the corneal endothelium and retina is a high priority for the ophthalmic surgeon.

EGP-437: Non-Infectious Anterior Uveitis

Uveitis is a general term for inflammation of the uveal tract and encompasses a wide range of etiologies. It may be iodiopathic, associated with systemic diseases or result from a variety of infectious agents. An annual estimated 17.6% of active uveitis patients experience transient or permanent loss of vision. Uveitis is responsible for more than 2.8% of cases of blindness in the U.S., making this disorder an important cause of vision loss and impairment. Non-infectious anterior uveitis is a debilitating form of intraocular inflammation of the anterior portion of the uvea, such as the iris and/or ciliary body and is the most common form of uveitis. Incidence in the U.S. ranges from approximately 26.6 to 102 per 100,000 adults annually with recent reports indicating occurrence in all age groups with the highest incidence in those over age 65 years. Chronic or recurrent, anterior uveitis may lead to complications such as posterior subcapsular cataract, glaucoma and macular edema.

Inflammation can be classified as either acute or chronic. Acute inflammation is the initial response of the body to harmful stimuli and is achieved by the increased movement of plasma and white blood cells from the blood into the injured tissues, in this case the uvea. Sometimes, the inflammation associated with anterior uveitis is in response to a real infection. This is known as infectious anterior uveitis. However, anterior uveitis often occurs for no apparent reason as the result of the immune system malfunctioning and triggering the process of inflammation even though no infection is present. This is known as non-infectious anterior uveitis. Patients that have anterior uveitis exhibit a large number of white blood cells in the anterior chamber of the eye. In order to count these cells in the anterior chamber, the physician uses a slit lamp, an instrument consisting of a high-intensity light source that can be focused to shine a thin sheet of light into the eye. The treatment objective is to eliminate the inflammation of the uvea which can be confirmed by an anterior chamber cell count of zero.

Clinical Trial Results

EyeGate OBG: Large Corneal Epithelial Defects

We have recently reported topline results from the first-in-human pilot trial of EyeGate OBG, the acceleration of re-epithelialization of large corneal epithelial defects in patients having undergone photorefractive keratectomy (“PRK”). The prospective, randomized, controlled study enrolled 39 subjects undergoing bilateral PRK surgery and aimed to assess the safety and performance of EyeGate OBG on its own or combined with a Bandage Contact Lens (“BCL”) compared to the current standard of care, artificial tears and BCL. The primary endpoint of the study was complete wound closure by Day 3.

The enrolled subjects were randomized into one of three study groups, with subjects receiving the same treatment in both eyes:

- Patients in arm 1 (n=12) received EyeGate Ocular Bandage Gel four times daily (QID) for two weeks after surgery.
- Arm 2 (n=14) was comprised of EyeGate Ocular Bandage Gel QID for 2 weeks after surgery in combination with a BCL.
- Arm 3 (n=13) was comprised of artificial tears administered four times daily and BCL.

The study demonstrated safety and tolerability of EyeGate OBG, with encouraging potential efficacy. 83.3% of the subjects in Arm 1 (EyeGate OBG alone) achieved complete wound closure by Day 3, compared to 53.8% of patients that received the standard of care. Thus, the OBG arm had approximately 55% more subjects achieve full wound closure on Day 3 than the standard of care arm. Also, on Day 3, the average wound surface area was 94.4% smaller for the OBG arm versus the standard or care arm or 0.02mm2 vs 0.37mm2 respectively. Additionally, the average wound surface area on Day 1 (24 hours post-surgery) was 18.5 mm^2 for patients in the EyeGate OBG alone arm compared to 39.5mm^2 in the BCL arm, a 53.3% improvement. Based on these positive results, EyeGate plans to continue development with a double-masked, controlled trial evaluating EyeGate OBG monotherapy against BCL in the second quarter of 2017.

	# Subjects per arm	Closed Wound: Day 3		Surface Area (mm^2)	
		#	%	Day 1	Day 3
Arm 1: OBG	12	10	83.3%	18.5	0.02
Arm 2: OBG + BCL	14	9	64.3%	40.7	0.10
Arm 3: BCL + AT1	13	7	53.8%	39.5	0.37
Total Subjects Enrolled	**39**				
OBG vs BCL: % better			**54.8%**	**53.3%**	**94.4%**

EGP-437

We submitted an IND for EGP-437 to the FDA on April 28, 2008. The initial protocol submitted as part of the IND application was for our Phase 1/2 non-infectious anterior uveitis trial. Subsequently, we submitted amendments to our IND for protocols for additional trials that we have since completed on September 12, 2008, April 6, 2010, October 18, 2011, April 13, 2012 and May 20, 2015. An IND application (IND 107,846) referencing our IND (IND 77,888) was submitted by the University of Pennsylvania, School of Medicine on January 29, 2010 with a protocol for the treatment of anterior scleritis.

We have completed seven clinical trials under IND 107,846 for the EGP-437 Combination Product. The first two trials were executed in parallel — a Phase 1/2 non-infectious anterior uveitis trial and a Phase 2 dry eye trial. These two trials were followed by a Phase 3 dry eye trial. Subsequently, we completed our first Phase 3 trial for non-infectious anterior uveitis. During the time that we executed the Phase 3 non-infectious anterior uveitis trial we completed a Phase 2 proof-of-concept cataract surgery trial, with prophylactic treatment of the EGP-437 Combination Product. We recently, in 2016, completed a Phase 1b/2a dose ranging trial treating inflammation and pain for subjects that have undergone cataract surgery and a Phase 1b/2a proof-of-concept macular edema trial.

Protocol	Indication	Phase	No. Subjects Randomized	Control Arm
EGP-437-001	Anterior Uveitis	1/2	40	None
EGP-437-002	Dry Eye	2	105	Placebo
EGP-437-003	Dry Eye	3	198	Placebo
EGP-437-004	Anterior Uveitis	3	193	Standard of care
EGP-437-005	Cataract Surgery	2 POC	45	Placebo
EGP-437-007	Macular Edema	1b/2a	26	None
EGP-437-008	Cataract Surgery	1b/2a	80	Placebo

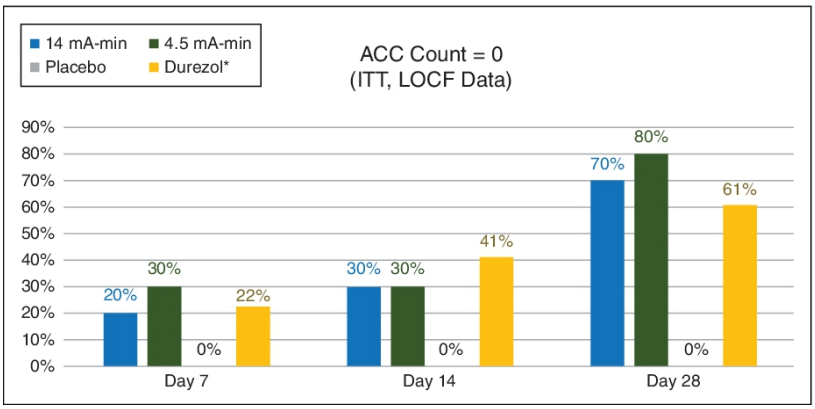
Cataract Surgery: Phase 1b/2a Trial (EGP-437-008)

We have reported positive data for our dose-ranging clinical trial for the treatment of ocular inflammation and pain in post-surgical cataract patients. The Phase 1b/2a clinical trial was a multi-center, open-label trial enrolling 80 subjects who had undergone unilateral cataract extraction and implantation of a monofocal intra-ocular lens. The primary objective of this trial was to assess the safety and efficacy of iontophoretic EGP-437 in these patients following surgery.

The trial design included eight cohorts, ten subjects per cohort, whereby iontophoretic doses of 4.0 mA-min, 4.5 mA-min, 9.0 mA-min and 14.0 mA-min were employed and the 9.0 and 14.0 mA-min cohorts included different dosing regimens. Dosing regimens included three treatments administered on Day 0, Day 1 and Day 2 or Day 0, Day 1 and Day 4 with potential for an additional treatment at Day 7 in all cohorts. One cohort had the Day 0 treatment given prior to surgery and all other cohorts had the Day 0 treatment provided after surgery. All cohorts except one was treatment delivering EGP-437, the exception was a placebo arm. The primary endpoint for all cohorts is based on the proportion of subjects that achieved an anterior chamber cell (ACC) count of zero, with secondary endpoints measuring pain score and intra-ocular pressure.

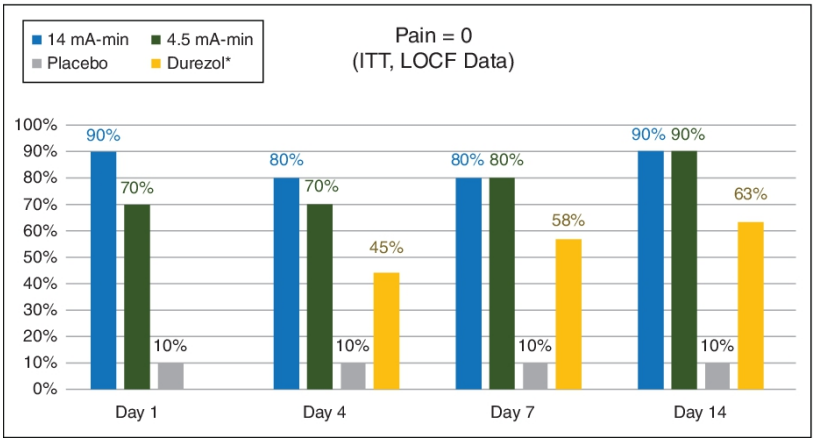
A positive response was achieved demonstrating that EGP-437 delivered via our EyeGate® II Delivery System was safe and effective in reducing inflammation and preventing pain. The best responses were achieved with the 4.5mA-min and 9.0mA-min cohorts with similar or greater percentage of patients with ACC

count of zero greater than Durezol* at Day 7. Both EGP-437 cohorts demonstrated a greater proportion of patients with ACC count of zero than Durezol* at Day 28. The percentage of patients with zero pain was better than Durezol* at Day 4, 7 and 14 for both EGP-437 cohorts. The optimal doses are being determined to take forward into a Phase 2b trial, to be initiated in the second quarter of 2017.



* Durezol is a topical corticosteroid approved for the treatment of pain and inflammation post ocular surgery and data shown is from CDER Application Number 22-212: Medical Review for Durezol, studies ST-601A-002a and 002b. Durezol data shown is based on combined data from both studies. QID dose, ITT, LOCF.

EGP-437 data based on treatments given on Days 0, 1, and 4 (some subjects received additional dose at Day 7) and is ITT, LOCF.



* Durezol is a topical corticosteroid approved for the treatment of pain and inflammation post ocular surgery and data shown is from CDER Application Number 22-212: Medical Review for Durezol, studies ST-601A-002a and 002b. Durezol data shown is based on combined data from both studies. QID dose, ITT, LOCF.

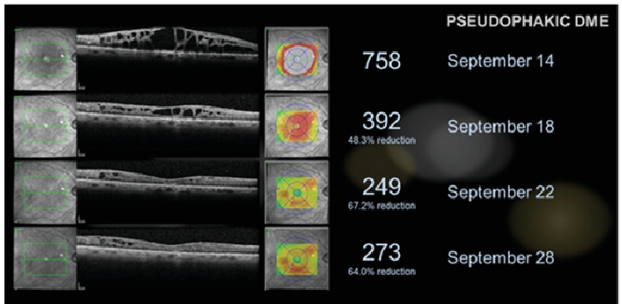
EGP-437 data based on treatments given on Days 0, 1, and 4 (some subjects received additional dose at Day 7) and is ITT, LOCF.

Macular Edema: Phase 1b/2a Trial (EGP-437-007)

We have reported data for our first clinical trial treating a back of the eye indication, macular edema. The Phase 1b/2a proof-of-concept trial suggests that iontophoresis can non-invasively deliver EGP-437 to the back of the eye. The non-invasive delivery of EGP-437 has demonstrated a positive response in some patients with macular edema.

The completed Phase 1b/2a clinical trial is a multi-center, open-label trial. The data reported was based on the first 19 patients enrolled and had macular edema associated with Retinal Vein Occlusion, Diabetic Retinopathy or Post-Surgical (cystoid) Macular Edema. The primary objective of this trial is to evaluate the safety and efficacy of iontophoretic EGP-437 in patients suffering from Macular Edema. Three treatments at 14.0 mA-min (3.5mA) were administered on Day 0, Day 4 and Day 9. Primary outcome of the trial measured reduction in mean central subfield thickness on Day 4, Day, 9 and Day 14. Ozurdex® was administered as control to patients that did not respond to the investigational therapy at Day 14 and were re-evaluated at Day 28.

A positive response was observed in some of the patients, with pseudophakic eyes (an eye implanted with an intraocular lens) responding better than phakic eyes (an eye with a natural lens). A positive response was demonstrated in three subpopulations of macular edema including macular edema associated with diabetes, retinal vein occlusion and inflammation or cystoid. In one example, a subject that presented with diabetic macular edema was provided with three treatments of EGP-437, Day 0, Day 4 and Day 9 and showed anatomic resolution in approximately one week after only two treatments, as illustrated by the optical coherence tomography scan below. Additionally, the investigational therapy showed no serious treatment emergent adverse effects including no increase in ocular pressure even at three times the iontophoretic dose that was used for the Company's Phase 3 non-infectious anterior uveitis trial.



Non-Infectious Anterior Uveitis: Phase 3 Clinical Trial (EGP-437-004)

Our previous Phase 1/2 non-infectious anterior uveitis clinical trial, and two dry eye clinical trials, showed that the EGP-437 dose selected for the Phase 3 non-infectious anterior uveitis trial was well tolerated and demonstrated positive activity. The Phase 3 non-infectious anterior uveitis clinical trial was conducted to assess safety and efficacy of the EGP-437 Combination Product and evaluate its non-inferiority status to a standard of care, prednisolone acetate 1% (PA) eye drops. Communication received from the FDA, dated December 3, 2007, stated that the FDA recommends that PA, administered at least four times per day (q.i.d.), be the positive control agent for the treatment of anterior uveitis. Our trial utilized a more stringent regimen for the positive control of eight times per day in week one and six times per day in week two before going to four times per day in weeks three and four. Patients had to agree to comply with dosing regimen to be included in the trial.

The completed Phase 3 non-inferiority study in patients with non-infectious anterior uveitis appeared to demonstrate that two iontophoretic treatments with our EGP-437 Combination Product achieved the same response rate as the positive control for the primary efficacy endpoint, a complete clearing of anterior chamber cells, by Day 14. The control is the current standard of care, PA, which was administered multiple times daily as eye drops. Although we achieved the same response rate in our Phase 3 clinical trial, the dose of the EGP-437 Combination Product tested was just outside the pre-set non-inferiority margin for intent-to-treat and

per protocol populations and did not achieve statistical significance in the intent-to-treat population as compared to the positive control based on the primary efficacy endpoint.

- The EGP-437 Combination Product produced the same outcomes compared to PA while eliminating the need to apply up to eight eye drops a day, for a total of 154 drops over a four-week period — eight times per day for week one, six times per day for week two and four times per day for weeks three and four.
- This was achieved with a lower incidence of increased IOP, which is characterized as an increase of six mm Hg or more from baseline; in the EGP-437 Combined Product group, 14 subjects had 17 occurrences while 24 subjects had 41 occurrences in the PA arm.

Phase 3 Safety Discussion

Our EGP-437 Combination Product appears to be clinically comparable to PA topical drops. With regard to elevated IOP, no subjects in the EGP-437 Combination Product treatment arm experienced any significant increase in IOP (greater than 20mmHg), whereas the PA treatment arm had one subject with a reported IOP increase of 27mmHg. With regard to IOP-related adverse events, one subject in the EGP-437 Combination Product treatment group reported an adverse event (seen approximately three weeks after rescue was initiated) and six subjects in the PA treatment arm reported adverse events related to IOP.

Phase 3 Clinical Trial Conclusion

Topical corticosteroid therapy administered as frequently as every hour with tapering over the treatment period has been the mainstay for uveitis treatment since the 1950s. In this unique Phase 3 randomized, double-masked, positive-controlled clinical trial in subjects with non-infectious anterior uveitis, two treatments with ocular iontophoretic delivery of EGP-437 appears to be clinically comparable to PA topical drops administered with a tapering schedule from eight drops per day to four drops per day over 28 days.

By Days 7 and 14, the proportion of subjects reaching ACC counts of zero was slightly greater in the EGP-437 Combination Product arm than the PA arm. This effect was more noticeable in the subgroup of subjects with a higher baseline ACC count; a higher proportion of subjects in the EGP-437 Combination Product arm reached an ACC count of zero by Days 7 and 14 in this sub-group of subjects. Safety findings were comparable for both study arms.

Non-Infectious Anterior Uveitis: Phase 1/2 Trial (EGP-437-001)

Our first clinical trial initiated with the EGP-437 Combination Product was a Phase 1/2 trial for subjects with non-infectious anterior uveitis, which was defined as having anterior chamber cell (ACC) scores ≥ 1.5, or in other words, cell counts of less than or equal to 11 cells. Subjects who have anterior uveitis, exhibit a large number of white blood cells in the anterior chamber of the eye. The treatment objective is to eliminate the inflammation which can be visually confirmed when all white blood cells have been cleared from the anterior chamber. The degree of intraocular inflammation is based on a grading scheme or score that uses an ordinal scale ranging from 0 to 4.

The primary objective of this exploratory study was to define a safe and effective dose of EGP-437 in subjects with non-infectious anterior segment uveitis. The secondary objective was to evaluate the systemic pharmacokinetic profile of EGP-437 (dexamethasone and dexamethasone phosphate) following ocular dosing.

This multi-site, randomized, double-masked, parallel group, dose comparison, exploratory study comprised five visits conducted over 28 days. The study population was comprised of 40 eyes of 40 subjects. Enrolled subjects were randomly assigned to receive one of four iontophoresis dose levels of EGP-437 for approximately four minutes with up to ten subjects per treatment arm. Subjects received a single treatment only, at Day 0, subjects returned for examination on Days 1, 7, 14, and 28. Eligible subjects received one of the following four iontophoresis dose levels of EGP-437 (dexamethasone phosphate ophthalmic solution (40mg/mL)) for approximately 4 minutes:

- Treatment Group A: 1.6 mA-min at 0.4 mA
- Treatment Group B: 4.8 mA-min at 1.2 mA

- Treatment Group C: 10.0 mA-min at 2.5 mA
- Treatment Group D: 14.0 mA-min at 3.5 mA

Following the single treatment with the EGP-437 Combination Product, 48% of the subjects achieved an ACC score of zero within two weeks. By Day 28, 60% of the subjects achieved an ACC score of zero and required no further treatment. At Day 14, in the lowest treatment group, the proportion of subjects with an ACC count of zero was 4/10 (40%) and for all treatment groups was 7/40 (18%). At Day 28, in the lowest treatment group, the proportion of subjects with an ACC count of zero was higher at 6/10 (60%) and for all treatment groups was 14/40 (35%). The highest proportion of subjects with an ACC score or ACC count of zero was in the 1.6 mA-min at 0.4 mA treatment group at both Days 14 and 28.

		Treatment Group				
Characteristic	**Statistic or Category**	**1.6 mA-min (N = 10)**	**4.8 mA-min (N = 10)**	**10.0 mA-min (N = 10)**	**14.0 mA-min (N = 10)**	**Total (N = 40)**
ACC **Score** of Zero	Day 14	8 (80%)	6 (60%)	2 (20%)	3 (30%)	19 (48%)
	Day 28	8 (80%)	6 (60%)	5 (50%)	5 (50%)	24 (60%)
ACC **Count** of Zero	Day 14	4 (40%)	1 (10%)	1 (10%)	1 (10%)	7 (18%)
	Day 28	6 (60%)	2 (20%)	1 (10%)	5 (50%)	14 (35%)

The median time in days to an ACC score of zero ranged from a minimum of 11.5 days in the 1.6 mA-min dose group to a maximum of 31.0 days in the 14.0 mA-min dose group. The proportion of patients with an ACC score reduction of 0.5 or more on Day 28 was 80% (eight) in the 1.6 mA-min dose group and 60% (six) in the other three dose groups. The mean change in ACC score from baseline to Day 28 ranged from a maximum of -2.25 in the 1.6 mA-min dose group to a minimum of -2.00 in the 14.0 mA-min dose group. The relatively short mean times to reach an ACC score of zero in each dose group suggest that the treatment has a rapid onset of action.

The results from this trial appeared to demonstrate that the most effective EGP-437 dose level are in the 1.6 mA-min at 0.4 mA dose level. The level of association between the iontophoresis treatments and achieving an ACC Score of zero was assessed and the association was estimated to be statistically significant at a 5% level of significance (p-value = 0.032) on Day 14, suggesting that the treatment differences are larger than would be expected by chance alone. The probability-value or p-value is a number between 0.00 and 1.00, and is used to demonstrate the strength of a conclusion drawn from clinical trial data. Essentially the p-value measures consistency between the results actually obtained in the trial and the “pure chance” explanation for those results. A statement and corresponding p-value are considered of strong significance if the probability of the same reaction occurring randomly or by chance is less than 5%, corresponding to a p-value of $p < 0.05$.

This trial showed low short-term systemic exposure to dexamethasone following ocular iontophoresis delivery of dexamethasone phosphate, and no corticosteroid mediated effects were observed.

While this dose-ranging study did not include positive or negative controls, the results demonstrated that a single treatment with the EGP-437 Combination Product: (1) lowered ACC scores in the majority of patients without requiring additional treatment and (2) produced low short-term systemic exposure to dexamethasone and dexamethasone phosphate.

Clinical Development Plan

EyeGate OBG

The EyeGate OBG has been shown to provide a mechanical barrier that aids in the management of corneal epithelial defects and accelerates re-epithelization in both preclinical studies and in clinical ophthalmic veterinary use. As such, photorefractive keratectomy (PRK) surgery was chosen as the subject population, which is best suited to demonstrate this effect. PRK is an efficacious alternative to patients seeking surgical correction of refractive errors who are not suitable candidates for laser in situ keratomileusis (LASIK) due to inadequate corneal thickness, larger pupil size, history of keratoconjunctivitis sicca (KCS), or anterior basement membrane disease. The primary effectiveness endpoint for this initial pilot trial will be time to re-epithelization of epithelial defect following PRK surgery. We have completed the trial and have recently announced positive top-line data in the first quarter of 2017. We anticipate initiating a prospective, double-masked clinical trial in the second quarter of 2017 for large corneal epithelial defects following PRK surgery.

Per our discussion with the FDA at the pre-submission meeting that occurred in the fourth quarter of 2016, we also plan on designing and initiating trials during the second half of 2017 that will broaden the indications for use of OBG beyond PRK, including ocular burns, microabrasions, superficial punctate keratitis and other conditions. The designs will be based on size of defect and not a specific underlying cause or indication.

EGP-437: Cataract Surgery

We have completed two trials (Phase 2 prophylactic and Phase 1b/2a dose-ranging) and recently reported positive data for our Phase 1b/2a dose-ranging clinical trial for the treatment of ocular inflammation and pain in post-surgical cataract patients. The design of this trial is based on treating the patients' post-surgery and not prophylactically. The Phase 1b/2a clinical trial was a multi-center, open-label trial enrolling 80 subjects who had undergone unilateral cataract extraction and implantation of a monofocal intra-ocular lens. The primary objective of this trial was to assess the safety and efficacy of iontophoretic EGP-437 in these patients following surgery. A positive response was achieved and the optimal doses are being determined to take forward into a Phase 2b trial, to be initiated in the second quarter of 2017.

EGP-437: Anterior Uveitis

We have completed two trials (Phase 1/2 and Phase 3) for anterior uveitis and have demonstrated in the completed Phase 3 non-inferiority study that two iontophoretic treatments with our EGP-437 Combination Product achieved the same response rate as the positive control for the primary efficacy endpoint, a complete clearing of anterior chamber cells, by Day 14. This was achieved with a lower incidence of increased IOP, which is characterized as an increase of six mm Hg or more from baseline. We currently have an ongoing confirmatory Phase 3 trial underway and anticipate top-line data in the second half of 2017. The FDA has provided guidance that the ongoing confirmatory Phase 3 trial of EGP-437 in anterior uveitis meets non-inferiority criteria, data from this trial along with data from our previously completed Phase 3 trial in anterior uveitis will be sufficient to support an NDA filing. The FDA also communicated that the design of the ongoing confirmatory Phase 3 anterior uveitis trial is acceptable and that the nonclinical work completed to date is sufficient to support an NDA filing.

EGP-437: Other Indications

Although we have completed two trials (Phase 2 and Phase 3) for dry eye, at this time we are not anticipating any further development for this indication. We have completed a Phase 1/2 for macular edema and at this time we are assessing the next steps for this indication.

Intellectual Property and Proprietary Rights

Overview

We are building an intellectual property portfolio for our EGP-437 Combination Product and CMHA-S platform, as well as other devices and product candidates for treatment of ocular indications in the U.S. and abroad. We currently seek, and intend to continue to seek, patent protection in the U.S. and internationally for

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

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

Patent Portfolio

Our patent portfolio includes drug delivery device patents directed to the EyeGate® II Delivery System, drug composition patents directed to EGP-437 and other compositions and devices related to the EyeGate® II Delivery System. In addition, further patent applications are directed to the CMHA-S platform in combination with active therapeutics to treat ocular diseases. These issued patents will expire between 2018 and 2029.

We have been developing drug compositions and drug delivery systems for non-invasive treatment on the eye for several years. These delivery systems include various patented and patent pending drug delivery devices, active therapeutics and combination device/therapeutic to treat components of the eye, such as the cornea, sclera, and combinations thereof. These devices and therapeutics have been further improved to provide better patient comfort levels, patient compliance and recovery times. The ever growing delivery system patent portfolio consists of thirteen Patent families, which includes eighteen U.S. Patents, eighty-five corresponding International Patents, six pending U.S. Patent Applications, and nine corresponding pending International Patent Applications. We hold eleven patents and ninety-two of our patents are held by our subsidiary, EyeGate Pharma S.A.S., a French corporation, or EyeGate S.A.S.

License Agreements

EyeGate S.A.S. is party to an Amended and Restated License Agreement with the University of Miami and its School of Medicine, dated as of December 16, 2005. This license agreement grants us the right to use certain French, European, Canadian, Japanese, American, Mexican, Korean, Brazilian and Israeli patents in our EGP-437 Combination Product. Under this agreement, we are obligated to pay an annual license fee of $12,500, certain milestone payments pertaining to EGP-437 Combination Product development milestones, and following the commercialization of EGP-437 Combination Product, royalties based on percentages (in the low single digits) of the net sales of any products we sell that are subject to the license agreement, which would include our EGP-437 Combination Product relating to its incorporation of the EyeGate® II Delivery System. All annual license fee and milestone payments have been paid to date. The total amount of milestone payments paid to date under this license agreement is $30,000 and there are potential aggregate additional amounts of up to $150,000 due on certain milestones being met. On July 7, 2014, we entered into an amendment to such license agreement, whereby the parties agreed to eliminate the minimum royalty provisions and related obligations in exchange for the increase of certain future milestone payments as well as the issuance of 15,036 shares of our common stock to the licensor. This license agreement remains in effect until the later of twelve (12) years after the date of the first commercial sale of the applicable product or the date of the last to expire patent relating to the patent rights under the Agreement. Upon such expiration and assuming it was not terminated earlier in accordance with its terms, we retain a fully paid up and perpetual license to the product and certain intellectual property. The license agreement also provides that it may be terminated by either party in the case of continued material breach or provision of false reports, by the licensor pertaining to certain bankruptcy or insolvency circumstances regarding our company or by us upon ninety (90) days prior written notice.

EyeGate S.A.S. is also party to a perpetual Transaction Protocol agreement with Francine Behar-Cohen, dated as of July 23, 1999. This agreement acknowledges our right to use certain patents that Ms. Behar-Cohen

had certain ownership rights with respect to and which are used in our EGP-437 Combination Product. The agreement also provides for us to pay Ms. Behar-Cohen a fee based on a percentage of the pre-tax turnover generated from sales of our EGP-437 Combination Product relating to its inclusion of the EyeGate® II Delivery System. The fees due under the agreement are required to be paid until January 2018.

We have entered into two exclusive, worldwide licensing agreements with subsidiaries of Valeant through which we have granted Valeant exclusive, worldwide commercial and manufacturing rights to our EyeGate® II Delivery System and EGP-437 Combination Product in the fields of uveitis and ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients, as well as a right of last negotiation to license the products for other indications. Under each agreement, we received an upfront cash payment, and will receive development-based milestone payments related to the completion of development for the indications and an approval-based milestone payment upon receipt of FDA approval of the products. Additionally, we would receive royalties based on net sales, as well as additional milestone payments based on the achievement of certain cumulative sales milestones. We are responsible for the development of the Product in the U.S. for the indications together with the costs associated therewith. Valeant has the right to develop the products in the fields outside of the U.S. and has agreed to fund 100% of any costs associated therewith.

On September 12, 2013, Jade entered into an agreement with BioTime, Inc. granting to it the exclusive worldwide right to commercialize cross-linked thiolated carboxymethyl hyaluronic acid (“CMHA-S”) for ophthalmic treatments in humans. The agreement calls for a license issue fee paid to BioTime of $50,000, and requires us (through our Jade subsidiary) to pay royalties to BioTime based on revenue relating to any product incorporating the CMHA-S technology. The agreement expires when patent protection for the CMHA-S technology lapses, which is expected to occur in the U.S. in 2029.

On June 17, 2016, we entered into an exclusive worldwide license agreement with the University of Utah Research Foundation to further the commercial development of the NASH technology, together with alkylated HA. The agreement calls for payments due to the University of Utah, consisting of a license grant fee of $15,000 due within 30 days of signing, and an annual licensing fee, initially $5,000, and escalating ratably up to $20,000 in 2021. The patent protection for the technology is expected to lapse in the U.S. in 2027 and 2028.

Confidential Information and Inventions Assignment Agreements

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

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

Sales and Marketing

We have entered into two exclusive global License Agreements with subsidiaries of Valeant Pharmaceuticals International, Inc. (“Valeant”), through which EyeGate has granted Valeant exclusive, worldwide commercial and manufacturing rights to its EyeGate® II Delivery System and EGP-437 combination product (“Product”) in the fields of uveitis and ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients, as well as a right of last negotiation to license the Product for other indications.

Manufacturing

We do not have, and do not intend to establish an in-house manufacturing capability for our products and as a result we will depend heavily on third-party contract manufacturers to produce and package our products. We currently do not have any contractual relationships with third-party manufacturers. We intend to rely on

third-party suppliers that we have used in the past for the manufacturing of various components that comprise our EGP-437 Combination Product that will be used in our confirmatory Phase 3 trial and other contemplated clinical trials.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe that our technologies, knowledge, experience and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Our potential competitors include large pharmaceutical and biotechnology companies, and specialty pharmaceutical and generic drug companies. Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

The key competitive factors affecting the success of each of our product candidates, if approved for marketing, are likely to be its efficacy, safety, method of administration, convenience, price, the level of generic competition and the availability of coverage and adequate reimbursement from government and other third-party payors.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors' establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third party payors seeking to encourage the use of generic products. Generic products currently being used for the indications that we may pursue, and additional products are expected to become available on a generic basis over the coming years. If our product candidates achieve marketing approval, we expect that they will be priced at a significant premium over competitive generic products.

Our competitors in the treatment of non-infectious anterior uveitis include Durezol® (Novartis AG), Lotemax® (Valeant Pharmaceuticals International, Inc.), Pred Forte® (Allergan, Inc.) and prednisolone acetate ophthalmic suspension (1%) (Novartis AG). We are not aware of any FDA approved eye drops for the management and the acceleration of re-epithelization of corneal epithelial defects following photorefractive keratectomy (PRK) surgery.

Government Regulation

FDA Approval Process

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

FDA approval is required before any new drug, can be marketed in the U.S. The process required by the FDA before a new drug product may be marketed in the U.S. generally involves:

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

The preclinical and clinical testing and approval process requires substantial time, effort and financial resources. Pre-clinical tests include laboratory evaluation of product chemistry, formulation, manufacturing and control procedures and stability, as well as animal studies to assess the toxicity and other safety characteristics of the product. The results of preclinical tests, together with manufacturing information, analytical data and a proposed clinical trial protocol and other information, are submitted as part of an IND to the FDA. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. A clinical hold may occur at any time during the life of an IND and may affect one or more specific studies or all studies conducted under the IND.

All clinical trials must be conducted under the supervision of one or more qualified investigators in accordance with GCPs. They must be conducted under protocols detailing the objectives of the trial, dosing procedures, research subject selection and exclusion criteria and the safety and effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND, and progress reports detailing the results of the clinical trials must be submitted at least annually. In addition, timely safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events. An institutional review board, or IRB, at each institution participating in the clinical trial must review and approve each protocol before a clinical trial commences at that institution and must also approve the information regarding the trial and the consent form that must be provided to each trial subject or his or her legal representative, monitor the study until completed and otherwise comply with IRB regulations.

Sponsors of clinical trials generally must register and report, at the NIH-maintained website ClinicalTrials.gov, key parameters of certain clinical trials. For purposes of an NDA submission and approval, human clinical trials are typically conducted in the following sequential phases, which may overlap or be combined:

- *Phase 1:* The product is initially introduced into healthy human patients and tested for safety, dose tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain an early indication of its effectiveness.

- *Phase 2:* The product is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications and to determine dose tolerance and optimal dosage. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more extensive clinical trials.
- *Phase 3:* These are commonly referred to as pivotal studies. When Phase 2 evaluations demonstrate that a dose range of the product appears to be effective and has an acceptable safety profile, trials are undertaken in large patient populations to further evaluate dosage, to obtain additional evidence of clinical efficacy and safety in an expanded patient population at multiple, geographically-dispersed clinical trial sites, to establish the overall risk-benefit relationship of the product and to provide adequate information for the labeling of the product.
- *Phase 4:* In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials to further assess the product's safety and effectiveness after NDA approval. Such post-approval trials are typically referred to as Phase 4 studies.

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling, and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. The submission of an NDA is subject to the payment of user fees; a waiver of such fees may be obtained under certain limited circumstances. The FDA reviews all NDAs submitted to ensure that they are sufficiently complete for substantive review before it accepts them for filing. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review.

Section 505(b)(2) New Drug Applications

According to section 505 of the FDCA, there are three types of new drug applications: (1) an application that contains full reports of investigations of safety and effectiveness (section 505(b)(1)); (2) an application that contains full reports of investigations of safety and effectiveness but where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference from the entity that performed the studies (section 505(b)(2)); and (3) an application that contains information to show that the proposed product is identical in active ingredient, dosage form, strength, route of administration, labeling, quality, performance characteristics, and intended use, among other things, to a previously approved product (section 505(j)). We intend to submit a 505(b)(2) NDA for our EGP-437 Combination Product.

Section 505(b)(2) of the FDCA enables an applicant to rely, in part, on the FDA's findings of safety and efficacy for an existing product, or published literature, in support of its NDA. Using this approval pathway may allow us to rely in part on information in the public domain to support the safety and effectiveness of EGP-437. The FDA may also require sponsors to perform additional clinical trials, measurements, or other types of studies or assessments (e.g., bridging studies) to support any change from the previously approved product. The review process is lengthy and often difficult, and the FDA may refuse to approve an NDA if the applicable regulatory criteria are not satisfied or may require additional clinical or other data and information. Even if such data and information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data. The FDA may issue a complete response letter, which may require additional clinical or other data or impose other conditions that must be met in order to secure final approval of the NDA or an approved letter following satisfactory completion of all aspects of the review process. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product's identity, strength, quality and purity. Before approving an NDA, the FDA will inspect the facility or facilities where the product is manufactured.

To the extent that a Section 505(b)(2) NDA relies on clinical trials conducted for a previously approved drug product or the FDA's prior findings of safety and effectiveness for a previously approved drug product, the 505(b)(2) applicant must submit patent certifications in its 505(b)(2) application with respect to any patents listed for the approved product on which the application relies in the FDA's publication, Approved Drug Products with Therapeutic Equivalence Evaluations (commonly referred to as the Orange Book). Specifically, the applicant must certify for each listed patent that (1) the required patent information has not been filed; (2) the listed patent has expired; (3) the listed patent has not expired, but will expire on a particular date and approval is not sought until after patent expiration; or (4) the listed patent is invalid, unenforceable or will not be infringed by the proposed new product. A certification that the new product will not infringe the previously approved product's listed patent or that such patent is invalid or unenforceable is known as a Paragraph IV certification. If the applicant does not challenge one or more listed patents through a Paragraph IV certification, the FDA will not approve the Section 505(b)(2) NDA application until all the unchallenged listed patents claiming the referenced product have expired. Further, the FDA will also not accept or approve, as applicable, a Section 505(b)(2) NDA application until any non-patent exclusivity, such as exclusivity for obtaining approval of a New Chemical Entity, listed in the Orange Book for the referenced product, has expired.

If the 505(b)(2) NDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the owner of the referenced NDA for the previously approved product and relevant patent holders within 20 days after the 505(b)(2) NDA has been accepted for submission by the FDA. The NDA and patent holders may then initiate a patent infringement suit against the 505(b)(2) applicant. Under the FDCA, the filing of a patent infringement lawsuit within 45 days of receipt of the notification regarding a Paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA for 30 months, or until a court deems the patent unenforceable, invalid or not infringed, whichever is earlier. Moreover, in cases where a 505(b)(2) application containing a Paragraph IV certification is submitted during a previously approved drug's five-year exclusivity period, the 30-month period is automatically extended to prevent approval of the 505(b)(2) application until the date that is seven and one-half years after approval of the previously approved reference product. The court also has the ability to shorten or lengthen either the 30 month or the seven and one-half year period if either party is found not to be reasonably cooperating in expediting the litigation. Thus, the Section 505(b)(2) applicant may invest a significant amount of time and expense in the development of its product only to be subject to significant delay and patent litigation before its product may be commercialized. Alternatively, if the NDA applicant or relevant patent holder does not file a patent infringement lawsuit within the specified 45-day period, the 30-month stay will not prevent approval of the 505(b)(2) application.

Notwithstanding the approval of many products by the FDA pursuant to Section 505(b)(2), over the last few years, some pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA changes its interpretation of Section 505(b)(2), or if the FDA's interpretation is successfully challenged in court, this could delay or even prevent the FDA from approving any Section 505(b)(2) NDAs that we submit.

In the NDA submissions for our product candidates, we intend to follow the development and approval pathway permitted under the FDCA that we believe will maximize the commercial opportunities for these product candidates.

Combination Product Regulations

Medical products containing a combination of new drugs, biological products, or medical devices may be regulated as "combination products" in the U.S. A combination product generally is defined as a product comprised of components from two or more regulatory categories, such as drug/device, device/biologic, or drug/biologic. Each component of a combination product is subject to the requirements established by the FDA for that type of component, whether a new drug, biologic, or device. In order to facilitate premarket review of combination products, the FDA designates one of its centers to have primary jurisdiction for the premarket review and regulation of both components. We expect that the Center for Drug Evaluation and Research will have primary jurisdiction over out EGP-437 Combination Product. The determination whether a product is a combination product or two separate products is made by the FDA on a case-by-case basis. We

have had discussions with the FDA about the status of our EGP-437 Combination Product as a combination product and we have been told that the FDA considers our product a combination drug/device.

We will be subject to regulations governing medical devices separate from those governing drugs. After the FDA permits a device to enter commercial distribution, however, numerous regulatory requirements apply. These include:

- product labeling regulations;
- general prohibition against promoting products for unapproved or "off-label" uses;
- corrections and removals (e.g., recalls);
- establishment registration and device listing;
- general prohibitions against the manufacture and distribution of adulterated and misbranded devices; and
- the Medical Device Reporting regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur.

Failure to comply with these regulatory requirements could result in civil fines, product seizures, injunctions, and/or criminal prosecution of responsible individuals and us.

Approval or Clearance of Medical Devices

Medical devices, such as our EyeGate® II Delivery System, or the EyeGate® OBG, may be evaluated either through the premarket approval, or PMA process, or the 510(k) clearance process, depending on the classification of the device.

The regulatory classification for the EyeGate® II Delivery System is defined under Code of Federations Regulations 21, Part 890, section 5525 (21 CFR 890.5525). The FDA has confirmed that the EyeGate® II Delivery System will be submitted under the 510(k) clearance process. The FDA has further clarified the Code to state that an iontophoresis device intended for use with a specific drug that has been approved for delivery by iontophoresis is a class II device. The EyeGate® II Delivery System will be indicated for use with a specific drug (EGP-437) that will be approved through the NDA process and therefore classified as a class II device.

The FDA has confirmed that the EyeGate® OBG will be submitted under the 510(k) de novo clearance process when used as a standalone device.

Gathering clinical evidence for devices is subject to FDA's good clinical practice regulations, including requirements for IRB approval and informed consent. Significant risk devices require an approved investigational device exemption application before studies may begin. PMA approval typically requires, among other things, the submission of valid scientific evidence in the form of preclinical and clinical data, and a pre-approval inspection to determine if the manufacturing facility complies with cGMP practices under the quality system regulation that governs the design and all elements of the manufacture of devices. For clearance, a 510(k) must demonstrate substantial equivalence, i.e., must show that the device is as safe and effective as an already legally marketed device, also known as a predicate device. The evaluation of the newer device must not raise different questions of safety and effectiveness than that of the predicate device. 510(k)s normally do not, but sometimes do, require clinical data for clearance.

Post-Approval Requirements

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

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject

to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and generally require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

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

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

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

Patent Term Restoration and Marketing Exclusivity

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

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the U.S. to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an approved NDA if new clinical

investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, for new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA; however, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Manufacturing Requirements

We and our third party manufacturers must comply with applicable FDA regulations relating to FDA's cGMP regulations. The cGMP regulations include requirements relating to organization of personnel, buildings and facilities, equipment, control of components and drug product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, extensive records and reports, and returned or salvaged products. The manufacturing facilities for our products must meet cGMP requirements to the satisfaction of the FDA pursuant to a pre-approval inspection before we can use them to manufacture our products. We and our third party manufacturers and certain key component suppliers are also subject to periodic inspections of facilities by the FDA and other authorities, including procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations. Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including untitled letters, warning letters, determinations of product adulteration, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. Adverse experiences with the product must be reported to the FDA and could result in the imposition of market restrictions through labeling changes or in product removal. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems concerning safety or efficacy of the product occur following approval. Such perceived problems concerning safety or efficacy may arise in the context of clinical studies continued as a result of our post-marketing obligations, reports we or FDA receive from patients and healthcare providers, or literature published by third parties regarding our products or similar products.

Third Party Payor Coverage and Reimbursement

Reimbursement is expected to use standard approaches for Ophthalmology with EGP-437 reimbursed as a physician-administered drug using a drug code (J-code) and the procedure reimbursed via a CPT code in addition to the standard reimbursement for office visits. The commercial success of our EGP-437 Combination Product and, if and when commercialized, our other product candidates will depend, in part, upon the availability of coverage and reimbursement from third party payors at the federal, state and private levels, including U.S. Government payor programs, such as Medicare and Medicaid, private health care insurance companies and managed care plans have attempted to control costs by limiting coverage and the amount of reimbursement for particular procedures or drug treatments. The U.S. Congress and state legislatures from time to time propose and adopt initiatives aimed at cost containment, which could impact our ability to sell our products profitably. Ongoing federal and state government initiatives directed at lowering the total cost of health care will likely continue to focus on healthcare reform, the cost of prescription pharmaceuticals and on the reform of the Medicare and Medicaid payment systems.

We expect that the pharmaceutical industry will continue to experience pricing pressures due to these initiatives and the trend toward managed healthcare and the increasing influence of managed care organizations. Our results of operations could be adversely affected by current and future healthcare reforms.

Some third party payors also require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers that use such therapies. While we cannot predict whether any proposed cost-containment measures will be adopted or otherwise implemented in the future, the announcement or adoption of these proposals could have a material adverse effect on our ability to obtain adequate prices for our EGP-437 Combination Product and operate profitably.

Other Regulatory Requirements

We are also subject to various laws and regulations regarding laboratory practices, the experimental use of animals, and the use and disposal of hazardous or potentially hazardous substances in connection with our research. In each of these areas, as above, the applicable regulatory agency will have broad regulatory and enforcement powers, including, among other things, the ability to levy fines and civil penalties. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, operating results and financial condition.

Employees

As of December 31, 2016, we had eleven full time employees.

Business Segment and Geographical Information

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions on how to allocate resources and assess performance. The Company views its operations and manages its business in one operating segment. The Company operates in one geographic segment (research and development).

Our Corporate Information

The Company was formed as a Delaware corporation on December 26, 2004. We were originally incorporated in 1998 under the name of Optis France S.A. in Paris, France. At the time of our incorporation in Delaware, the name of the French corporation was changed to EyeGate Pharma S.A.S. and became a subsidiary of EyeGate Pharmaceuticals, Inc. Our principal executive offices are located at 271 Waverley Oaks Road, Suite 108, Waltham, MA 02452, and our telephone number is (781) 788-9043.

Available Information and Website

We maintain an internet website at *www.eyegatepharma.com* and make available free of charge through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act. We make these reports available through our website as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the United States Securities and Exchange Commission, or the SEC. You can find, copy and inspect information we file at the SEC's public reference room, which is located at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's public reference room. You can review our electronically filed reports and other information that we file with the SEC on the SEC's web site at http://*www.sec.gov*. We also make available, free of charge on our website, the reports filed with the SEC by our executive officers, directors and 10% stockholders pursuant to Section 16 under the Exchange Act as soon as reasonably practicable after copies of those filings are provided to us by those persons. The information on our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered to be a part of this Annual Report on Form 10-K. Our website address is included in this Annual Report on Form 10-K as an inactive technical reference only.

Item 1A. ***Risk Factors.***

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant operating losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.

Since inception, we have incurred significant operating losses. Our net loss was approximately $13.3 million for the year ended December 31, 2016, $8.4 million for the year ended December 31, 2015 and $78.6 million from the period of inception (December 26, 2004) through December 31, 2016. To date, we have financed our operations primarily through private placements of our preferred stock and convertible promissory notes and through public offerings of our common stock. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and, beginning in 2008, clinical trials. We are still in the early stages of development of our product candidates, and we have not completed development of any drugs. We expect to continue to incur significant expenses and operating losses for the foreseeable future. Our net losses may fluctuate significantly from quarter to quarter and year to year. Our recurring losses from operations have caused management to determine there is substantial doubt regarding our ability to continue as a going concern, and as a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2016 with respect to this uncertainty.

We anticipate that our expenses will continue to be significant with the clinical trial for our EGP-437 Combination Product, which consists of EGP-437 and our EyeGate® II Delivery System, including a dose curve trial and a macular edema trial, as well as the ongoing development of our EyeGate OBG product.

Our expenses will also increase if and as we:

- Pursue a safety clinical trial evaluating corneal endothelial cell counts over a six-month period with the EGP-437 Combination Product;
- Seek marketing approval for the EGP-437 Combination Product for anterior uveitis or any other indication in the U.S. whether alone or in collaboration with third parties;
- pursue the development of the EGP-437 Combination Product for the treatment of additional indications or for use in other patient populations or, if it is approved, seek to broaden the label for the EGP-437 Combination Product;
- continue the research and development of our other product candidates, including EyeGate OBG;
- Seek to develop additional product candidates;
- in-license or acquire the rights to other products, product candidates or technologies for the treatment of ophthalmic diseases;
- seek marketing approvals for any product candidates that successfully complete clinical trials;
- establish sales, marketing and distribution capabilities and scale up and validate external manufacturing capabilities to commercialize any products for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, quality control, scientific and management personnel;
- expand our operational, financial and management systems and personnel, including personnel to support our clinical development, manufacturing and planned future commercialization efforts and our operations as a public company; and
- increase our insurance coverage as we expand our clinical trials and commence commercialization of the EGP-437 Combination Product.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Our expenses will increase if:

- we are required by the U.S. Food and Drug Administration, or FDA, or foreign equivalents, to perform studies or clinical trials in addition to those currently expected;
- if there are any delays in enrollment of patients in or completing our clinical trials or the development of the EGP-437 Combination Product or any other product candidates that we may develop.

Our ability to become and remain profitable depends on our ability to generate revenue. We do not expect to generate significant revenue unless and until we obtain marketing approval for, and commercialize, the EGP-437 Combination Product or other product candidates that we may develop, such as EyeGate OBG, which may never occur. This will require us to be successful in a range of challenging activities, including:

- continuing and obtaining favorable results from a confirmatory Phase 3 clinical trial for the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis and for the endothelial cell count safety trial;
- subject to obtaining favorable results from a confirmatory Phase 3 clinical trial for the EGP-437 Combination Product treating anterior uveitis patients, applying for and obtaining marketing approval for the EGP-437 Combination Product;
- establishing collaboration, distribution or other marketing arrangements with third parties to commercialize the EGP-437 Combination Product in markets outside the U.S.;
- achieving an adequate level of market acceptance of the EGP-437 Combination Product;
- protecting our rights to our intellectual property portfolio related to the EGP-437 Combination Product; and
- ensuring the manufacture of commercial quantities of the EGP-437 Combination Product.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will need substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect to devote substantial financial resources to our ongoing and planned activities, particularly continuing our clinical trial evaluating the EGP-437 Combination Product for the treatment of macular edema and developing our EyeGate OBG product. In the future, we expect to raise additional financial resources for the continued clinical development of the EGP-437 Combination Product and other product candidates we may develop, including EyeGate OBG. In addition, if we obtain regulatory approval for any of our product candidates, we would need to devote substantial financial resources to commercialization efforts, including product manufacturing, marketing, sales and distribution. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

Our future capital requirements will depend on many factors, including:

- the progress, costs and outcome of our clinical trials for our product candidates and of any clinical activities required for regulatory review of our product candidates outside of the U.S.;
- the costs and timing of process development and manufacturing scale up and validation activities associated with our product candidates;

- the costs, timing and outcome of regulatory review of our product candidates in the U.S., and in other jurisdictions;
- the costs and timing of commercialization activities for our product candidates if we receive marketing approval, including the costs and timing of establishing product sales, marketing, distribution and outsourced manufacturing capabilities;
- subject to receipt of marketing approval, the amount of revenue received from commercial sales of our product candidates;
- the progress, costs and outcome of developing the EGP-437 Combination Product for the treatment of additional indications or for use in other patient populations;
- our ability to establish collaborations on favorable terms, if at all, particularly manufacturing, marketing and distribution arrangements for our product candidates;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the extent to which we in-license or acquire rights to other products, product candidates or technologies for the treatment of ophthalmic diseases.

As of December 31, 2016, we had cash and cash equivalents of $3.6 million. The Company will have sufficient cash to fund planned operations for approximately five months, however, the acceleration or reduction of cash outflows by management can significantly impact the timing for raising additional capital to complete development of its products. To continue development, we will need to raise additional capital through debt and/or equity financing, or access additional funding through grants. Although we completed our initial public offering, our follow-on public offering and a registered direct offering, additional capital may not be available on terms favorable to us, if at all. Accordingly, no assurances can be given that management will be successful in these endeavors. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. Our commercial revenues, if any, will be derived from sales of the EGP-437 Combination Product, EyeGate OBG or any other products that we successfully develop, none of which we expect to be commercially available for several years, if at all. In addition, if approved, the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we develop or any product that we in-license may not achieve commercial success. Accordingly, we will need to obtain substantial additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans.

Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, government or other third-party funding, collaborations, strategic alliances, licensing arrangements and marketing and distribution arrangements. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

If we raise additional funds through government or other third-party funding, collaborations, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or product candidates that we would otherwise prefer to develop and market ourselves.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We are an early-stage company with a limited operating history. Our operations to date have been limited to organizing and staffing our company, acquiring rights to intellectual property, business planning, raising capital, developing our technology, identifying potential product candidates, undertaking preclinical studies and, beginning in 2008, conducting clinical trials of the EGP-437 Combination Product. All of our product candidates, other than the EGP-437 Combination Product, are still in preclinical development. We have not yet demonstrated our ability to successfully complete development of a product candidate, obtain marketing approvals, manufacture at commercial scale, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization.

In addition, as a pre-revenue business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition at some point from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter-to-quarter and year-to-year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

Risks Related to the Discovery and Development of Our Product Candidates

We depend heavily on the success of the EGP-437 Combination Product, our most advanced product candidate, which we are developing for the treatment of non-infectious anterior uveitis and other disease indications. If we are unable to successfully obtain marketing approval for the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis, or experience significant delays in doing so, or if after obtaining marketing approvals, we fail to commercialize the EGP-437 Combination Product, our business will be materially harmed.

We have invested a significant portion of our efforts and financial resources in the development of the EGP-437 Combination Product for the treatment of patients with non-infectious anterior uveitis and for other ocular disease indications. There remains a significant risk that we will fail to successfully develop the EGP-437 Combination Product. In 2013, we completed a Phase 3 clinical trial to evaluate the safety, tolerability and efficacy of the EGP-437 Combination Product in patients with non-infectious anterior uveitis. Our development plan for the EGP-437 Combination Product consists of a confirmatory Phase 3 clinical trial evaluating the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis, which is currently in progress, and a separate clinical trial evaluating corneal endothelial cell counts six months post treatment of the EGP-437 Combination Product. We cannot accurately predict when or if the EGP-437 Combination Product will prove effective or safe in humans or whether it will receive marketing approval. Our ability to generate product revenues, which may never occur, will depend heavily on our obtaining marketing approval for and commercializing the EGP-437 Combination Product.

The success of the EGP-437 Combination Product will depend on several factors, including the following:

- obtaining favorable results from a confirmatory Phase 3 clinical trial for the EGP-437 Combination Product and for the endothelial cell count safety trial;
- applying for and receiving marketing approvals from applicable regulatory authorities for the EGP-437 Combination Product;
- making arrangements with third-party manufacturers for commercial quantities of both the EGP-437 and the EyeGate® II Delivery System and receiving regulatory approval of our manufacturing processes and our third-party manufacturers' facilities from applicable regulatory authorities;
- establishing sales, marketing and distribution capabilities and launching commercial sales of the EGP-437 Combination Product, if and when approved, whether alone or in collaboration with others;
- acceptance of the EGP-437 Combination Product, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies, including the existing standard of care;
- maintaining a continued acceptable safety profile of the EGP-437 Combination Product following approval;
- obtaining and maintaining coverage and adequate reimbursement from third-party payors;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- protecting our rights in our intellectual property portfolio related to the EGP-437 Combination Product.

Successful development of the EGP-437 Combination Product for additional indications, if any, or for use in broader patient populations and our ability, if it is approved, to broaden the label for the EGP-437 Combination Product will depend on similar factors. If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize the EGP-437 Combination Product, which would materially harm our business.

If clinical trials of the EGP-437 Combination Product or any other product candidate that we develop fail to demonstrate safety and efficacy to the satisfaction of the FDA or other regulatory authorities or do not otherwise produce favorable results, we may incur additional costs or experience delays in completing, or ultimately be delayed or unable to complete, the development and commercialization of the EGP-437 Combination Product or any other product candidate.

Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, including our EGP-437 Combination Product or EyeGate OBG, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products.

We will be required to demonstrate the safety of the EGP-437 Combination Product by assessing corneal endothelial cell counts at six months from treatment in order to support marketing approval of the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis in the U.S. To meet this requirement in the future after raising additional funds, we plan to conduct a separate safety trial with no fewer than 100 patients who will be treated with the EGP-437 Combination Product and followed for six months post treatment. We cannot predict the results of this safety trial because we have no clinical data supporting the effect of our EGP-437 Combination Product on corneal endothelial cells six months post treatment.

In general, the FDA requires two adequate and well controlled pivotal clinical trials demonstrating effectiveness on a primary endpoint for marketing approval of a non-infectious anterior uveitis drug. The endpoint is based on total clearance of inflammatory cells in the anterior chamber of the eye. The trial must compare the EGP-437 Combination Product to standard of care. Our first Phase 3 trial evaluated the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis against a positive control, the standard of care, prednisolone acetate ophthalmic suspension (1%), or PA. In our Phase 3 trial, the dose of the EGP-437 Combination Product tested was just outside the pre-set non-inferiority margin for intent-to-treat and per protocol populations and did not achieve statistical significance in the intent-to-treat population as compared to the positive control based on the primary efficacy endpoint.

We may fail to achieve success in our confirmatory Phase 3 clinical trial evaluating the EGP-437 Combination Product for the treatment of non-infectious anterior uveitis for a variety of potential reasons. Even if our confirmatory Phase 3 trial is successful in showing confirmatory data, the FDA may still require us to provide additional data to grant regulatory approval.

We are conducting our confirmatory Phase 3 clinical trial at many clinical centers that were not included in our first Phase 3 trial. The introduction of new centers, and the resulting involvement of new treating physicians, can introduce additional variability into the conduct of the trials in accordance with their protocols and may result in greater variability of patient outcomes, which could adversely affect our ability to detect statistically significant differences between patients treated with the EGP-437 Combination Product and the standard of care control.

If, in our confirmatory Phase 3 clinical trial, we do not demonstrate non-inferiority as compared with the standard of care and if the FDA does not find this to be an acceptable means of meeting the requirements for marketing approval, we will not receive marketing approval for the EGP-437 Combination Product, and we will have to conduct another Phase 3 clinical trial if we wish to seek marketing approval for the EGP-437 Combination Product in the future.

The protocol for our confirmatory Phase 3 clinical trial and other supporting information are subject to review by the FDA and regulatory authorities outside the U.S. We did not submit the protocols for our second confirmatory Phase 3 clinical trial and do not plan on submitting the protocols for our separate safety trial of the EGP-437 Combination Product to the FDA at any time prior to the raising of additional funds. We have not received guidance from other regulatory authorities outside the U.S. regarding the design of our confirmatory Phase 3 clinical trial.

Our confirmatory Phase 3 clinical trial has a non-inferiority design. We may be unable to demonstrate non-inferiority against the standard of care, PA, which may cause us to undergo additional clinical trials or admit additional subjects to our trials delaying the time and increasing the expense it may take to commercialize our EGP-437 Combination Product.

Our confirmatory Phase 3 clinical trial uses a non-inferiority design rather than a superiority design. In order to meet our primary endpoint, we must show that patients treated with the EGP-437 Combination Product demonstrate non-inferiority according to pre-set non-inferiority margins as compared with the standard of care, PA. We may be unable to demonstrate non-inferiority against the standard of care. The design and conduct of non-inferiority trials, including selection of non-inferiority margins, account for many factors that can induce bias in the estimated effect of the standard of care in the non-inferiority trial and thus lead to bias in the estimated effect of the experimental treatment and perhaps lead to a trial design that does not ensure that the experimental treatment preserves a clinically acceptable fraction of the standard's effect, which may result in a vulnerability of the integrity of a non-inferiority trial to the irregularities in trial conduct. Our choice of an endpoint based on total clearance of inflammatory cells in the anterior chamber of the eye means that success will depend to a significant degree on the accuracy of our assumptions about the total clearance of inflammatory cells in the anterior chamber of the eye in the comparator arms of our Phase 3 trial. Although we believe we have been conservative in our assumptions, if, for example, patients in the comparator arm of our trial have significantly different clearance of inflammatory cells than we expect, we may find that our trial is unfeasible or we may have to enroll more patients at additional cost and delay.

If we experience any of a number of possible unforeseen events in connection with our clinical trials, potential marketing approval or commercialization of our product candidates could be delayed or prevented.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop, including:

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- any third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- we may decide, or regulators or institutional review boards may require us, to suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators, regulators or institutional review boards to suspend or terminate the trials.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not favorable or are only modestly favorable or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any of our pre-clinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for the EGP-437 Combination Product, EyeGate OBG or our other product candidates that we may develop if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the U.S. In addition, some of our competitors may have ongoing clinical trials for product candidates that treat the same indications as the EGP-437 Combination Product, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates.

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays, could require us to abandon one or more clinical trials altogether and could delay or prevent our receipt of necessary regulatory approvals. Enrollment delays in our clinical trials may result in increased development costs for our product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing.

If serious adverse or unacceptable side effects are identified during the development of the EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop, we may need to abandon or limit our development of EGP-437 Combination Product, EyeGate OBG or such other product candidates.

If the EGP-437 Combination Product, EyeGate OBG or any of our other product candidates are associated with serious adverse events or undesirable side effects in clinical trials or have characteristics that are unexpected, we may need to abandon their development or limit development to more narrow uses or subpopulations in which the serious adverse events, undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many compounds that initially showed promise in clinical or early stage testing for treating ophthalmic disease have later been found to cause side effects that prevented further development of the compound.

We may not be successful in our efforts to use our EyeGate® II Delivery System or platform to build a pipeline of product candidates.

A key element of our strategy is to use our proprietary EyeGate® II Delivery System or platform to rationally design, engineer and generate a pipeline of products and progress these therapies through clinical development for the treatment of a variety of ophthalmic diseases. Our research and development efforts to date have resulted in a pipeline of additional product candidates directed at the treatment of ophthalmic diseases. Other than EGP-437, our product candidates all are in early preclinical research and have not been tested in humans. These and any other potential product candidates that we identify may not be suitable for continued preclinical or clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize our product candidates that we develop based upon our technological approach, we will not be able to obtain product revenues in future periods.

We may expend our limited resources to pursue a particular product candidate or indication such as macular edema and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty

arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. To the extent our contemplated trials are unsuccessful, we may not be able to raise additional funds for subsequent trials or pursuing other indications.

Risks Related to the Commercialization of Our Product Candidates

Even if the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we develop receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success and the market opportunity for the EGP-437 Combination Product, and EyeGate OBG may be smaller than we estimate.

If the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we develop receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. Current treatments that are used for anterior uveitis include topical corticosteroids such as Durezol® (Novartis AG), Lotemax® (Valeant Pharmaceuticals International, Inc.), Pred Forte® (Allergan, Inc.) and prednisolone acetate ophthalmic suspension (1%) (Novartis AG). These treatments are well established in the medical community, and doctors may continue to rely on these treatments rather than our EGP-437 Combination Product, if and when it is approved for marketing by the FDA.

Our assessment of the potential market opportunity for the EGP-437 Combination Product, and EyeGate OBG is based on industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. If the actual market for the EGP-437 Combination Product, and EyeGate OBG is smaller than we expect, our product revenue may be limited and it may be more difficult for us to achieve or maintain profitability.

If we are unable to establish sales, marketing and distribution capabilities, we may not be successful in commercializing the EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of therapeutic products. To achieve commercial success for any product for which we have obtained marketing approval, we will need to establish sales, marketing and distribution capabilities, either ourselves or through collaborations or other arrangements with third parties as we have under the Valeant license agreements.

In the future, we plan to build a focused sales and marketing infrastructure to market or co-promote the EGP-437 Combination Product, EyeGate OBG and possibly other product candidates that we develop in the U.S., if and when they are approved. There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of the EGP-437 Combination Product, EyeGate OBG or any other product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidates on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe our products;

- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

We expect to enter into arrangements with third parties to perform consulting, sales, marketing and distribution services in markets outside the U.S. We may also enter into arrangements with third parties to perform these services in the U.S. if we do not establish our own sales, marketing and distribution capabilities in the U.S. or if we determine that such third-party arrangements are otherwise beneficial. Our product revenues and our profitability, if any, under any such third-party sales, marketing or distribution arrangements are likely to be lower than if we were to market, sell and distribute the EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute the EGP-437 Combination Product, EyeGate OBG or any other product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market the EGP-437 Combination Product, EyeGate OBG or our other product candidates effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop.

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.

The development and commercialization of new drug products is highly competitive. We face competition with respect to the EGP-437 Combination Product, EyeGate OBG and our other current product candidates, and will face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of the disease indications for which we are developing our product candidates. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

The current standard of care for non-infectious anterior uveitis include topical corticosteroids such as Durezol® (Novartis AG), Lotemax® (Valeant Pharmaceuticals International, Inc.), Pred Forte® (Allergan, Inc.) and prednisolone acetate ophthalmic suspension (1%) (Novartis AG).

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than the EGP-437 Combination Product, EyeGate OBG or other product candidates that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

In addition, our ability to compete may be affected in many cases by insurers or other third-party payors, particularly Medicare, seeking to encourage the use of generic products. Generic products are currently being used for the indications that we are pursuing, and additional products are expected to become available on a generic basis over the coming years. If the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we may develop achieves marketing approval, we expect that it will be priced at a significant premium over competitive generic products.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even

more resources being concentrated among a smaller number of our competitors. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Even if we are able to commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we may develop, the products may become subject to unfavorable pricing regulations, third-party coverage or reimbursement practices or healthcare reform initiatives, which could harm our business.

Our ability to commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidates that we may develop successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government healthcare programs, private health insurers, managed care plans and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Coverage and reimbursement may not be available for the EGP-437 Combination Product, EyeGate OBG or any other product that we commercialize and, even if they are available, the level of reimbursement may not be satisfactory.

Inadequate reimbursement may adversely affect the demand for, or the price of, any product candidate for which we obtain marketing approval. Obtaining and maintaining adequate reimbursement for our products may be difficult. We may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidate for which we obtain marketing approval.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the indications for which the drug is approved by the FDA or similar regulatory authorities outside the U.S. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the U.S. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and adequate reimbursement rates from both government-funded and private payors for any approved products that we develop would compromise our ability to generate revenues and become profitable.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for

lengthy time periods, and negatively impact the revenues we are able to generate from the sale of the product in that country. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

There can be no assurance that our product candidates or any products that we may in-license, if they are approved for sale in the U.S. or in other countries, will be considered medically reasonable and necessary for a specific indication, that they will be considered cost-effective by third-party payors, that coverage and an adequate level of reimbursement will be available, or that third-party payors' reimbursement policies will not adversely affect our ability to sell our product candidates profitably.

Our strategy of obtaining rights to product candidates and approved products for the treatment of a range of ophthalmic diseases through in-licenses and acquisitions may not be successful.

We may expand our product pipeline through opportunistically in-licensing or acquiring the rights to other products, product candidates or technologies for the treatment of ophthalmic diseases. The future growth of our business may depend in part on our ability to in-license or acquire the rights to approved products, additional product candidates or technologies. However, we may be unable to in-license or acquire the rights to any such products, product candidates or technologies from third parties. The in-licensing and acquisition of pharmaceutical products is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire products, product candidates or technologies that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to in-license or acquire the rights to the relevant product, product candidate or technology on terms that would allow us to make an appropriate return on our investment. Furthermore, we may be unable to identify suitable products, product candidates or technologies within our area of focus. If we are unable to successfully obtain rights to suitable products, product candidates or technologies, our ability to pursue this element of our strategy could be impaired.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we develop.

We face an inherent risk of product liability exposure related to the use of the EGP-437 Combination Product and any other product candidates that we develop in human clinical trials and will face an even greater risk if we commercially sell any products that we develop. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- reduced time and attention of our management to pursue our business strategy; and
- the inability to commercialize any products that we develop.

While we obtain insurance for each clinical trial we perform, we may not be adequately insured to cover all liabilities that we may incur. We will need to increase our insurance coverage as we expand our clinical trials. We will need to further increase our insurance coverage if we commence commercialization of the EGP-437 Combination Product, EyeGate OBG or any other product candidate that receives marketing

approval. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Our Dependence on Third Parties

We may enter into collaborations with other third parties for the development or commercialization of our product candidates, including the EGP-437 Combination Product and EyeGate OBG. If our collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with third parties to commercialize the EGP-437 Combination Product and EyeGate OBG in markets outside the U.S. We also may enter into arrangements with third parties to perform these services in the U.S. if we do not establish our own sales, marketing and distribution capabilities in the U.S. or if we determine that such third-party arrangements are otherwise beneficial. We also may seek third-party collaborators for development and commercialization of other product candidates. Our likely collaborators for any sales, marketing, distribution, development, licensing or broader collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. To date, the only agreements we have entered into are our Valeant Licensing Agreements. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities and efforts to successfully perform the functions assigned to them in these arrangements.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner, or at all. If we do not receive the funding we expect under collaboration agreements, our development of our product candidates could be delayed and we may need additional resources to develop our product candidates. All of the risks relating to product development, regulatory approval and commercialization described in this Annual Report on Form 10-K also apply to the activities of our collaborators.

Additionally, subject to its contractual obligations to us, if a collaborator of ours were to be involved in a business combination, it might deemphasize or terminate the development or commercialization of any product candidate licensed to it by us. If one of our collaborators terminates its agreement with us, we may find it more difficult to attract new collaborators and our perception in the business and financial communities could be harmed.

If we are not able to establish additional collaborations, we may have to alter our development and commercialization plans and our business could be adversely affected.

For some of our product candidates, we may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of therapeutic products. We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the U.S., the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate. We may also be restricted under future license agreements from entering into agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce

the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market or continue to develop our product platform.

Disputes may arise under our Valeant License Agreements, including disputes related to the scope of rights granted thereunder.

Disputes may arise under our Valeant License Agreements, including disputes related to the scope of rights granted thereunder. Any such disputes could lead to delays in the development or commercialization of our EGP-437 Combination Product and could result in time-consuming and expensive litigation or arbitration, which may not be resolved in our favor. Either party may terminate the Valeant License Agreements in their entirety if the other party materially breaches either Valeant License Agreement and the breach remains uncured for a defined cure period, and either party may terminate either Valeant License Agreement in its entirety upon the bankruptcy of the other party. We may terminate either Valeant License Agreement following commercial launch of our EGP 437-Combination Product if Valeant ceases selling and distributing our EGP 437-Combination Product in the United States for a defined period of time, subject to certain limitations. Valeant may terminate either Valeant License Agreement at any time, on a without cause basis, by providing 90 days written notice, or immediately upon the determination by a court of competent jurisdiction if Valeant's actions pursuant to the terms of the Valeant License Agreement infringe upon the intellectual property rights of a third party. We cannot make assurances that these agreements will not be terminated in accordance with these terms, and such termination could have a material adverse impact on our future business, results of operations, financial conditions, and the trading price of our common stock.

We rely, and expect to continue to rely, on third parties to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials.

We have relied on third parties, such as contract research organizations, or CROs, to conduct our completed trials of our EGP-437 Combination Product, our ongoing confirmatory Phase 3 clinical trial of our EGP-437 Combination Product and do not plan to independently conduct clinical trials of the EGP-437 Combination Product or other product candidates that we may develop, including EyeGate OBG. We expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct our clinical trials. These agreements might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, that would delay our product development activities.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as Good Clinical Practices for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

We contract with third parties for the manufacture of the EGP-437 Combination Product for clinical trials and expect to continue to do so in connection with the commercialization of the EGP-437 Combination Product and for clinical trials and commercialization of any other product candidates that we may develop, including EyeGate OBG. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of the EGP-437 Combination Product or any other of our product candidates, including EyeGate OBG. We rely, and expect to continue to rely, on third parties to manufacture clinical and commercial supplies of the EGP-437 Combination Product, preclinical and clinical supplies of our other product candidates that we may develop, including EyeGate OBG, and commercial supplies of products if and when any of our product candidates receives marketing approval. Our current and anticipated future dependence upon others for the manufacture of the EGP-437 Combination Product, EyeGate OBG and any other product candidate or product that we develop may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis. In addition, any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval.

We currently rely exclusively on third-party manufacturers to assemble and prepare the EGP-437 Combination Product on a purchase order basis. We do not currently have any contractual commitments for commercial supply of bulk drug substance for EGP-437 or fill-finish services or for components of the EyeGate® II Delivery System. We also do not currently have arrangements in place for redundant supply or a second source for bulk drug substance for EGP-437 or for fill-finish services. The prices at which we are able to obtain supplies of EGP-437, fill-finish services and assemble the EyeGate® II Delivery System may vary substantially over time and adversely affect our financial results.

If our third-party manufacturers for the EGP-437 Combination Product fails to fulfill our purchase orders or should become unavailable to us for any reason, we believe that there are a limited number of potential replacement manufacturers, and we likely would incur added costs and delays in identifying or qualifying such replacements. We could also incur additional costs and delays in identifying or qualifying a replacement manufacturer for fill-finish services if our existing third-party manufacturer should become unavailable for any reason. We may be unable to establish any agreements with such replacement manufacturers or to do so on acceptable terms. Even if we could transfer manufacturing to a different third party, the shift would likely be expensive and time consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need FDA approval before using or selling any products manufactured at that facility.

In connection with our application for a license to market the EGP-437 Combination Product or other product candidates in the U.S., we may be required to conduct a comparability study if the product we intend to market is supplied by a manufacturer different from the one who supplied the product evaluated in our clinical studies. Delays in designing and completing this study to the satisfaction of the FDA could delay or preclude our development and commercialization plans and thereby limit our revenues and growth.

Reliance on third-party manufacturers entails additional risks, including:

- The EGP-437 Combination Product, EyeGate OBG and any other product candidates that we may develop may compete with other product candidates and products for access to a limited number of suitable manufacturing facilities that operate under current good manufacturing practices, or cGMP, regulations;
- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the U.S. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for our technology and products or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our success depends in large part on our ability to obtain and maintain patent protection in the U.S. and other countries with respect to our proprietary technology and products. We and our licensors have sought to protect our proprietary position by filing patent applications in the U.S. and abroad related to our novel technologies and product candidates. The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Maintaining patents in the U.S. is an expensive process and it is even more expensive to maintain patents and patent applications in foreign countries. As a result, it is possible that we and our licensors will fail to maintain such patents thereby reducing the rights of our portfolio.

The patent position of pharmaceutical, biotechnology and medical device companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our licensors' patent rights are highly uncertain. Our and our licensors' pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the U.S. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our owned or licensed patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. In particular, during prosecution of any patent application, the issuance of any patents based on the application may depend upon our ability to generate additional preclinical or clinical data that support the patentability of our proposed claims. We may not be able to generate sufficient additional data on a timely basis, or at all. Moreover, changes in either the patent laws or interpretation of the patent laws in the U.S. and other countries may diminish the value of our patents or narrow the scope of our patent protection.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The U.S. Patent Office recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

Moreover, we may be subject to a third-party pre-issuance submission of prior art to the U.S. Patent and Trademark Office, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Even if our owned and licensed patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the U.S. and abroad. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our issued patents or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. There is considerable intellectual property litigation in the medical device, biotechnology and pharmaceutical industries. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference or derivation proceedings before the U.S. Patent and Trademark Office. The risks of being involved in such litigation and proceedings may increase as our product candidates near commercialization and as we gain the greater visibility associated with being a public company. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. We may not be aware of all such intellectual property rights potentially relating to our product candidates and their uses. Thus, we do not know with certainty that the EGP-437 Combination Product or any other product candidate, or our commercialization thereof, does not and will not infringe or otherwise violate any third party's intellectual property.

If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

If we fail to comply with our obligations in our intellectual property licenses and funding arrangements with third parties, we could lose rights that are important to our business.

We are party to licensing agreements, including the Valeant Licensing Agreements, that impose, and, for a variety of purposes, we will likely enter into additional licensing and funding arrangements with third parties that may impose, diligence, development and commercialization timelines and milestone payment, royalty, insurance and other obligations on us. Under certain of our existing licensing agreements, we are obligated to pay royalties or make specified milestone payments on net product sales of the EyeGate® II Delivery System or related technologies to the extent they are covered by the agreements. We also are obligated under certain of our existing license agreements to pay maintenance and other fees. We also have diligence and development obligations under certain of those agreements that we are required to satisfy. If we fail to comply with our obligations under current or future license and collaboration agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could diminish the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Some of our employees were previously employed at universities or other biotechnology or pharmaceutical companies. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these employees or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

In addition, while it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Our and their assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings,

motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for some of our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the U.S. are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

If we are not able to obtain required regulatory approvals, we will not be able to commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we may develop, and our ability to generate revenue will be materially impaired. The marketing approval process is expensive, time-consuming and uncertain. As a result, we cannot predict when or if we, or any collaborators we may have in the future, will obtain marketing approval to commercialize the EGP-437 Combination Product, EyeGate OBG or any other product candidate.

The activities associated with the development and commercialization of our product candidates, including the EGP-437 Combination Product and EyeGate OBG, including design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the U.S. and similar regulatory authorities outside the U.S. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not received approval to market the EGP-437 Combination Product, EyeGate OBG or any other product candidate from regulatory authorities in any jurisdiction. We have only limited experience in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party CROs and consultants to assist us in this process.

The process of obtaining marketing approvals, both in the U.S. and abroad, is expensive and may take many years, especially if additional clinical trials are required, if approval is obtained at all. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety, purity and potency. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. The FDA or other regulatory authorities may determine that the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we may develop is not safe, effective or pure, is only moderately effective or has undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit

commercial use. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

The regulatory process can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved.

Failure to obtain marketing approval in international jurisdictions would prevent our product candidates from being marketed abroad.

In order to market and sell the EGP-437 Combination Product, EyeGate OBG and any other product candidate that we may develop in other jurisdictions, we or our third-party collaborators must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the U.S. generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the U.S., it is required that the product be approved for reimbursement before the product can be sold in that country. We or these third parties may not obtain approvals from regulatory authorities outside the U.S. on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the U.S. does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

Even if we, or any collaborators we may have in the future, obtain marketing approvals for the EGP-437 Combination Product, EyeGate OBG or our other product candidates, the terms of those approvals, ongoing regulations and post-marketing restrictions may limit how we, or they, manufacture and market our products, which could materially impair our ability to generate revenue.

Once marketing approval has been granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation. We, and any collaborators we may have in the future, must therefore comply with requirements concerning advertising and promotion for any of our products for which we or they obtain marketing approval. Promotional communications with respect to prescription products are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, if the EGP-437 Combination Product, EyeGate OBG or any other product candidate that we may develop receives marketing approval, the accompanying label may limit the approved use of our product, which could limit sales of the product.

In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We, our contract manufacturers, our future collaborators and their contract manufacturers will also be subject to other regulatory requirements, including submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements regarding the distribution of samples to physicians, recordkeeping, and costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product such as the requirement to implement a risk evaluation and mitigation strategy.

We may be subject to substantial penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products.

Violations of the Federal Food, Drug, and Cosmetic Act relating to the promotion or manufacturing of prescription products may lead to investigations by the FDA, Department of Justice and state Attorneys General alleging violations of federal and state healthcare fraud and abuse laws, as well as state consumer protection laws. In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various adverse results, including:

- restrictions on such products, manufacturers or manufacturing processes;

- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Our relationships with customers and third-party payors may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security, and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the U.S. and elsewhere will play a primary role in the recommendation and prescription of any product candidates, including the EGP-437 Combination Product and EyeGate OBG, for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any products for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by U.S. federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and their respective implementing regulations, which imposes obligations, including mandatory contractual terms, on covered healthcare providers, health plans and healthcare clearinghouses, as well as their business associates, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government funded healthcare programs.

Recently enacted and future legislation may affect our ability to commercialize and the prices we obtain for any products that are approved in the U.S. or foreign jurisdictions.

In the U.S. and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could affect our ability to profitably sell or commercialize any product candidate, including the EGP-437 Combination Product and EyeGate OBG, for which we obtain marketing approval or that we may in-license. The pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by legislative initiatives. Current laws, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product.

In the U.S., the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the MMA, changed the way Medicare covers and pays for pharmaceutical products. Cost reduction initiatives and other provisions of this legislation could limit coverage of and reduce the price that we receive for any approved products. While the MMA applies only to product benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the MMA or other healthcare reform measures may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively PPACA. Among the provisions of PPACA of importance to our business, including, without limitation, our ability to commercialize and the prices we may obtain for any of our product candidates and that are approved for sale, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- a new Medicare Part D coverage gap discount program, in which participating manufacturers must agree to offer 50% point-of-sale discounts off negotiated drug prices during the coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D;

- expansion of healthcare fraud and abuse laws, including the federal False Claims Act and the federal Anti-Kickback Statute, and the addition of new government investigative powers, and enhanced penalties for noncompliance;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs; and
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program.

In addition, other legislative changes have been proposed and adopted since PPACA was enacted. These changes include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several types of providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding. In addition, it is possible that changes in administration and policy, including the potential repeal of all or parts of the PPACA, resulting from the recent U.S. presidential election could result in additional proposals and/or changes to health care system legislation.

The pricing of prescription pharmaceuticals is also subject to governmental control outside the U.S. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our ability to generate revenues and become profitable could be impaired.

Laws and regulations governing any international operations we may have in the future may preclude us from developing, manufacturing and selling certain products outside of the U.S. and require us to develop and implement costly compliance programs.

If we expand our operations outside of the U.S., we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the U.S. to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the U.S., or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the U.S., it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing, or selling certain products and product candidates outside of the U.S., which could limit our growth potential and increase our development costs.

The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

If we or our third-party manufacturers fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur significant costs.

We and our third-party manufacturers are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. From time to time and in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees, this insurance may not provide adequate coverage against potential liabilities.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Further, with respect to the operations of our third-party contract manufacturers, it is possible that if they fail to operate in compliance with applicable environmental, health and safety laws and regulations or properly dispose of wastes associated with our products, we could be held liable for any resulting damages, suffer reputational harm or experience a disruption in the manufacture and supply of our product candidates or products.

Risks Related to Employee Matters and Managing Growth

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the research and development, clinical and business development expertise of Stephen From, our President and Chief Executive Officer, as well as the other principal members of our management, scientific and clinical team and a number of third party consultants. Although we have entered into an employment agreement with Mr. From, he may terminate his employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures, our internal computer systems, and those of our CROs and other third parties on which we rely, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our drug development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our product candidates could be delayed.

We expect to expand our development capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of drug development, regulatory affairs and, if any of our product candidates receives marketing approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

We may fail to realize any benefits and incur losses related to any acquisition.

The success of our strategic acquisitions, including the Jade Acquisition, will depend, in part, on our ability to successfully integrate the acquired businesses with our existing business. It is possible that the integration process could result in the loss of key employees, the disruption of ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers and employees or to achieve the anticipated benefits of the acquisition. Successful integration may also be hampered by any differences between the operations and corporate culture of the two organizations. Our obligation to support Jade with working capital may require us to divert resources from our existing business. If we experience difficulties with the integration process, the anticipated benefits of the acquisition may not be realized fully, or at all, or may take longer to realize than expected.

Additionally, Jade Therapeutics incurred substantial net losses prior to the Jade Acquisition. We expect the operations we acquired in the Jade Acquisition to continue to incur additional losses, which will accelerate our cash outflows and may significantly impact the timing for raising additional capital to complete development of our products. Adequate additional financing may not be available to us on acceptable terms, or at all.

Risks Related to Our Common Stock

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

Our executive officers, directors and greater than 5% stockholders, in the aggregate, currently own 67.2% of our outstanding common stock. As a result, such persons, acting together, will have the ability to control our management and affairs and substantially all matters submitted to our stockholders for approval, including the election and removal of directors and approval of any significant transaction. These persons will also have the ability to control our management and business affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that only one of three classes of directors is elected each year;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from our board of directors;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the affirmative vote of stockholders holding at least two-thirds of shares entitled to be cast to amend or repeal specified provisions of our restated certificate of incorporation or our amended and restated bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock.

Our stock price may be volatile. The stock market in general and the market for smaller specialty pharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the price you paid for such shares. The market price for our common stock may be influenced by many factors, including:

- the success of competitive products or technologies;
- results of clinical trials of the EGP-437 Combination Product or any other product candidate that we may develop;
- results of clinical trials of product candidates of our competitors;
- regulatory or legal developments in the U.S. and other countries;

- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key scientific or management personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional products, product candidates or technologies for the treatment of ophthalmic diseases, the costs of commercializing any such products and the costs of development of any such product candidates or technologies;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. We also may face securities class-action litigation if we cannot obtain regulatory approvals for or if we otherwise fail to commercialize EGP-437. Such litigation, if instituted against us, could cause us to incur substantial costs to defend such claims and divert management's attention and resources.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2016, we had federal net operating loss carryforwards of approximately $45.1 million, state net operating loss carryforwards of approximately $33.5 million and aggregate federal and state research and development tax credit carryforwards of approximately $1.3 million and $459,000 available to reduce future taxable income. These federal and state net operating loss carryforwards and federal and state tax credit carryforwards which will expire at various dates through 2036, if not utilized. Utilization of these net operating loss and tax credit carryforwards may be subject to a substantial limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, and comparable provisions of state, local and foreign tax laws due to changes in ownership of our company that have occurred previously or that could occur in the future. Under Section 382 of the Code and comparable provisions of state, local and foreign tax laws, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change by value in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research and development tax credits, to reduce its post-change income may be limited. We have not completed a study to determine whether the IPO, our most recent private placement and other transactions that have occurred over the past three years may have triggered an ownership change limitation. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we generate taxable income, our ability to use our pre-change net operating loss and tax credits carryforwards to reduce U.S. federal and state taxable income may be subject to limitations, which could result in increased future tax liability to us.

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

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

We are an "emerging growth company," and a smaller reporting company and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have taken advantage of certain reduced reporting. In particular, in this Annual Report on Form 10-K, we have provided only two years of audited financial statements under the smaller reporting company requirements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to delay such adoption of new or revised accounting standards, and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies that are not emerging growth companies.

We are also a "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act and have elected certain scaled disclosure available for smaller reporting companies.

We incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, FINRA rules and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly.

We are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may

evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, we are required to furnish a report by our management on our internal control over financial reporting. However, while we remain either a smaller reporting company and/or an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we engaged in a process to document and evaluate our internal control over financial reporting. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. If we identify one or more material weaknesses in our internal control over financial reporting, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, any future debt agreements that we may enter into, may preclude us from paying dividends without the lenders' consent or at all. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

We currently have two facilities including our principal executive office located at 271 Waverley Oaks Road, Suite 108, Waltham, MA 02452, and our office located at 391 Chipeta Way, Suite H, Salt Lake City UT, 84108. We conduct our operations using third-party manufacturing facilities and trial sites. We believe our current facilities are adequate for our needs for the foreseeable future.

Item 3. ***Legal Proceedings.***

While we are not currently a party to any legal proceedings, from time to time we may be a party to a variety of legal proceedings that arise in the normal course of our business.

Item 4. ***Mine Safety Disclosures.***

Not Applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Price Range of Common Stock

Our common stock began trading on the OTCQB on February 13, 2015 in connection with out IPO, and currently trades under the symbol "EYEG." Prior to that time, there was no established public trading market for our common stock. On July 31, 2015, our Common Stock and Warrants issued in our follow-on offering, which closed on August 5, 2015, began trading on The NASDAQ Capital Market under the symbols "EYEG" and "EYEGW," respectively. In connection with this listing, the Common Stock ceased being quoted on the OTCQB Venture Marketplace.

The following table sets forth the range of the high and low sales prices per share of our common stock as reported on the NASDAQ Capital Market and the OTCQB for the quarterly periods indicated. The quotations for periods when our common stock traded on the OTCQB reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Fiscal Year Ended December 31, 2016	High	Low
First Quarter	$ 4.11	$ 1.59
Second Quarter	3.75	2.52
Third Quarter	2.56	1.46
Fourth Quarter	$ 1.85	$ 1.26

Fiscal Year Ended December 31, 2015	High	Low
First Quarter	$6.50	$ 2.74
Second Quarter	5.09	3.22
Third Quarter	27.00	2.78
Fourth Quarter	$5.00	$ 2.39

On February 17, 2017, the closing sale price of our common stock on the NASDAQ Market was $1.64 per share. There were 88 holders of record of our common stock as of February 17, 2017. This number does not include beneficial owners whose shares were held in street name.

Dividend Policy

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

Recent Sales of Unregistered Securities

None.

Item 6. ***Selected Financial Data***

Not Applicable.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Forward-Looking Statements

The following section of this Annual Report on Form 10-K entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains statements that are not statements of historical fact and are forward-looking statements within the meaning of federal securities laws. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Factors that may cause our actual results to differ materially from those in the forward-looking statements include those factors described in "Item 1A. Risk Factors" beginning on page 23 of this Annual Report on Form 10-K. You should carefully review all of these factors, as well as the comprehensive discussion of forward-looking statements on page 1 of this Annual Report on Form 10-K.

Business Overview

We are a clinical-stage specialty pharmaceutical company that is focused on developing and commercializing products for treating diseases and disorders of the eye. EGP-437, our first product in clinical trials, incorporates a reformulated topically active corticosteroid, Dexamethasone Phosphate, that is delivered into the ocular tissues through our proprietary innovative drug delivery system, the EyeGate® II Delivery System. In addition, we are developing products using cross-linked thiolated carboxymethyl hyaluronic acid ("CMHA-S"), a modified form of the natural polymer hyaluronic acid, which is a gel that possesses unique physical and chemical properties such as hydrating and healing properties when applied to the ocular surface. The ability of CMHA-S to adhere longer to the ocular surface, resist degradation and protect the ocular surface makes it well-suited for treating various ocular surface injuries.

Our proprietary technology, the EyeGate® II Delivery System, utilizes transscleral iontophoresis to deliver optimal therapeutic levels of drug directly into the targeted ocular tissue. It offers a potential alternative to current delivery modalities such as eye drops and ocular injections. Based on technology originating at the Bascom Palmer Eye Institute at the University of Miami, the EyeGate® II Delivery System has been used in over 2,400 clinical treatments to-date, including more than 1,500 treatments delivering our lead therapeutic candidate, EGP-437. The system utilizes a low-level electrical current to deliver a specified amount of drug for each treatment. The process involves applying an electrical current to an ionizable substance — one capable of carrying an electric charge — to increase its mobility across a biological membrane and, through electrorepulsion, drive a like-charged drug substance into the ocular tissue. Using our EyeGate® II Delivery System, treatments can be administered by a wider group of eye care practitioners including ophthalmologists and optometrists. In-office preparation is simple and efficient, and can be completed by nursing or other office staff.

We are developing the EyeGate® II Delivery System and EGP-437 combination product (together, the "EGP-437 Product") for the treatment of various inflammatory conditions of the eye, including anterior uveitis, a debilitating form of intraocular inflammation of the anterior portion of the uvea, such as the iris and/or ciliary body, post-cataract surgery inflammation and pain, and macular edema, an abnormal thickening of the macula associated with the accumulation of excess fluids in the retina. Based on guidance provided by the FDA, we expect that if the ongoing confirmatory Phase 3 trial of the EGP-437 Product for the treatment of anterior uveitis meets non-inferiority criteria, data from this trial along with data from our previously completed Phase 3 trial in anterior uveitis will be sufficient to support a NDA filing.

Our acquisition of Jade in March 2016 (the "Jade Acquisition") strengthens our market position as an integrated ocular company through the addition of a robust preclinical pipeline that complements our ongoing efforts to develop novel treatments for diseases and disorders of the eye. The Jade acquisition also expands our development focus, and creates a diversified portfolio of ocular assets consisting of EGP-437 and our iontophoretic delivery technology, complemented by a CMHA-S-based product pipeline. Our expanded product pipeline now includes both preclinical and clinical assets that collectively address large market opportunities affecting a wide range of patients suffering from eyesight-threatening diseases and disorders.

The CMHA-S platform is based on hyaluronic acid ("HA"), a naturally occurring polymer that is important in many physiological processes, including wound healing, tissue homeostasis, and joint lubrication. To create hydrogels, the HA is modified to create CMHA-S that is then cross-linked together through the thiol groups. Some products employ disulfide cross-linking while others utilize a Polyethylene Glycol Diacrylate, or PEGDA, cross-linker. Cross-linking slows degradation of the HA backbone and provides a matrix for incorporating therapeutic agents. Variations in the number of thiols per molecule, the molecular weight of the polymer, the concentration of the polymer, the type of cross-linking, and incorporation of active ingredients, provides a highly versatile platform that can be tailored to a specific application. CMHA-S can be formulated as gels or films. Our first CMHA-S-based product candidate, the EyeGate Ocular Bandage Gel ("OBG"), is a topically-applied eye drop formulation that has recently completed its first-in-man clinical trial. We have recently released positive top-line results in the first quarter of 2017 from this initial pilot trial evaluating the ability of EyeGate OBG to accelerate ocular surface re-epithelialization following photorefractive keratectomy ("PRK"). The EyeGate OBG eye drop creates a thin, durable and protective coating to the damaged surface of the eye, serving to facilitate and accelerate corneal re-epithelization. The EyeGate OBG is intended for the management of corneal epithelial defects, and to accelerate re-epithelization of the ocular surface following surgery, injection, and other traumatic and non-traumatic conditions.

Pilot preclinical studies suggest that the specific CMHA-S chemical modification comprising the EyeGate OBG creates a favorable set of attributes, including prolonged retention time on the ocular surface, and a smooth continuous clear barrier without blur that can minimize mechanical lid friction, reduce repeat injury, and mechanically protect the ocular surface, allowing accelerated corneal re-epithelization.

The gel is presently available commercially as a veterinary device indicated for use in the management of superficial corneal ulcers. Manufactured by SentrX Animal Care and sold in the U.S. by Bayer Animal Health as Remend® Corneal Repair, the product has been used successfully for 5 years in dogs, cats and horses, without adverse effects. The composition of the veterinary product is identical to that of the EyeGate OBG. We do not have the rights to the CMHA-S platform for animal health or veterinary medicine.

In November 2016, we had a formal meeting with the U.S. Food and Drug Administration ("FDA"), which confirmed a 510(k) De Novo path for our device, the CMHA-S product in an eye drop formulation (0.75% concentration), which we refer to as the EyeGate OBG.

On December 5, 2016, we announced data from the third stage or 30 subjects enrolled in the Phase 1b/2a trial of our EGP-437 Product for the treatment of ocular inflammation and pain in post-cataract surgery. The dose ranging Phase 1b/2a clinical trial was a multi-center, open-label trial enrolling up to 80 subjects who had undergone unilateral cataract extraction and implantation of a monofocal intra-ocular lens. The primary objective of the trial was to assess the safety and efficacy of iontophoretic EGP-437 in these patients following surgery and determine the optimum dose and dosing regimen to design a prospective, double-masked, randomized, controlled trial.

On July 9, 2015, we entered into an exclusive, worldwide licensing agreement with a subsidiary of Valeant Pharmaceuticals International, Inc. ("Valeant"), through which we granted Valeant exclusive, worldwide commercial and manufacturing rights to our EGP-437 Product in the field of anterior uveitis, as well as a right of last negotiation to license our EGP-437 Product for indications other than anterior uveitis (the "Valeant Agreement"). There are four principal R&D milestones under the Valeant Agreement: (i) the Phase 3 Clinical Trial, (ii) the Endothelial Cell Count Safety Trial (a screening tool used to verify that a patient's cornea has an adequate endothelial cell density), (iii) the chemistry, manufacturing and controls, or CMC, Validation, and (iv) the New Drug Application, or "NDA", filing with the FDA (collectively, the "Four Milestones", and each individually, a "Milestone"). Under the Valeant Agreement, Valeant paid to us an initial upfront payment of $1.0 million, and we are eligible to receive milestone payments totaling up to $32.5 million, upon and subject to the achievement of certain specified developmental and commercial progress of the EGP-437 Product for the treatment of anterior uveitis. As of December 31, 2016, we have received an aggregate of $4.225 million in upfront and milestone payments from Valeant. In addition, we are eligible under the Valeant Agreement to receive royalties based on a specified percent of net sales of our EGP-437 Product for the treatment of anterior uveitis throughout the world, subject to adjustment in certain circumstances.

On February 21, 2017, we entered into an exclusive, worldwide licensing agreement with a subsidiary of Valeant (the "New Valeant Agreement"), through which we granted Valeant exclusive, worldwide commercial and manufacturing rights to our EGP-437 Product in the field of ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients (the "New Field"). Under the New Valeant Agreement, Valeant paid to us an initial upfront payment of $4.0 million, and we are eligible to receive milestone payments totaling up to approximately $99.0 million, upon and subject to the achievement of certain specified developmental and commercial progress of the EGP-437 Product for the New Field. In addition, we are eligible under the New Valeant Agreement to receive royalties based on a specified percent of net sales of our EGP-437 Product for the New Field throughout the world, subject to adjustment in certain circumstances.

Throughout our history, we have not generated significant revenue. We have never been profitable and, from December 26, 2004 (inception) through December 31, 2016, and our losses from operations have aggregated $78.6 million. Our Net Loss was approximately $13.3 million and $8.4 million for the twelve months ended December 31, 2016 and 2015, respectively. We expect to incur significant expenses and increasing operating losses for the foreseeable future as we continue the development and clinical trials of and seek regulatory approval for our EGP-437 Product for the treatment of uveitis as well as other indications, and the EyeGate OBG, our lead product candidate for corneal epithelial defects, and any other product candidates we advance to clinical development. If we obtain regulatory approval for the EGP-437 Product for the treatment of uveitis, or any other indication, we expect to incur significant expenses in order to create an infrastructure to support the commercialization of the EGP-437 Product, including sales, marketing and distribution functions. Likewise, if we obtain regulatory approval for the EyeGate OBG, we expect to incur additional significant sales, marketing and distribution expenses.

We will need additional financing to support its continuing operations. We will seek to fund our operations through public or private equity, debt financings, license and development agreements, or other sources, which may include collaborations with third parties. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We will need to generate significant revenue to achieve profitability, and we may never do so.

We were formed in Delaware on December 26, 2004. We were originally incorporated in 1998 under the name of Optis France S.A. in Paris, France. At that time, the name of the French corporation was changed to EyeGate Pharma S.A.S. and became a subsidiary of EyeGate Pharmaceuticals, Inc. Jade was formed in Delaware on December 31, 2012. EyeGate Pharma S.A.S. and Jade are wholly-owned subsidiaries of EyeGate Pharmaceuticals, Inc.

Financial Overview

Research and Development Expenses

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

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

Substantially all of our research and development expenses to date have been incurred in connection with our EGP-437 Combination Product. We expect our research and development expenses to increase for the foreseeable future as we advance EGP-437 and EyeGate OBG through clinical development, including the conduct of our planned clinical trials. The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We are unable to estimate with any certainty the costs we will incur in the continued development of our EGP-437 Combination Product and EyeGate OBG. Clinical development timelines, the probability of success and development costs can differ materially from expectations.

We may never succeed in achieving marketing approval for our product candidate.

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

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

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

General and Administrative Expenses

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

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

Total Other Income (Expense)

Total other income (expense) consists primarily of interest income we earn on interest-bearing accounts, and interest expense incurred on our outstanding debt including non-cash interest resulting from the accretion of original issue discount on certain of our outstanding notes.

Critical Accounting Policies and Significant Judgments and Estimates

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

While our significant accounting policies are more fully described in Note 2 to our financial statements appearing elsewhere in this Annual Report on Form 10-K, we believe that the following accounting policies are the most critical for fully understanding and evaluating our financial condition and results of operations.

Accrued Research and Development Expenses

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

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

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

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

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

However, due to the nature of estimates, we cannot assure you that we will not make changes to our estimates in the future as we become aware of additional information about the status or conduct of our clinical studies and other research activities.

Stock-Based Compensation

We have issued options to purchase our common stock. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service/vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based payment awards require the use of highly subjective assumptions, including the expected life of the stock-based payment awards and stock price volatility.

We estimate the grant date fair value of stock options and the related compensation expense, using the Black-Scholes option valuation model. This option valuation model requires the input of subjective assumptions including: (1) expected life (estimated period of time outstanding) of the options granted, (2) volatility, (3) risk-free rate and (4) dividends. Because share-based compensation expense is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. Forfeitures are required to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeiture rates differ from those estimates. We have had minimal historical turnover since going public and therefore, estimate our forfeiture rate to be zero. In general, the assumptions used in calculating the fair value of stock-based payment awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

Significant Factors Used in Determining the Fair Value of Our Common Stock

The fair value of the shares of common stock that underlie the stock options we have granted under the plan has historically been determined by our board of directors based upon information available to it at the time of grant. Prior to December 31, 2011, our board of directors did not conduct any formal valuation procedure or commission any third party valuation or appraisal in connection with its determinations of the fair value of its common stock. Our board of directors considered the most persuasive evidence of fair value to be the prices at which our securities were sold in actual arms' length transactions. Our board of directors also considered numerous objective and subjective factors in the assessment of fair value, including reviews of our business and financial condition, the conditions of the industry in which we operate and the markets that we serve and general economic, market and United States and global capital market conditions, an analysis of publicly traded peer companies, the lack of marketability of our common stock, the likelihood of achieving a liquidity event for the shares of common stock underlying the stock options in question, such as an initial public offering or sale, the preferences and privileges of the preferred stock and common stock, the status of strategic initiatives being undertaken by our management and board of directors and, after December 31, 2011, independent third party valuations of our common stock. All options have been granted at exercise prices not less than the fair value of the underlying shares on the date of grant. Subsequent to our initial public offering, the fair value of our common stock utilized in determining the value of option grants was based on the trading value of our common stock.

During the years ended December 31, 2016 and 2015, we granted options to purchase 377,771 and 560,393 shares, respectively, of our common stock.

Other Information

Net Operating Loss Carryforwards

As of December 31, 2016, we have federal and state income tax net operating loss ("NOL") carryovers of approximately $45.1 million and $33.5 million, respectively, which will expire at various dates through 2036. As of December 31, 2016, we also have federal, state and foreign research and development tax credit carryforwards of approximately $1.3 million, $459,000, and $25,000, respectively, to offset future income taxes, which expire at various times through 2036.

Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We have not completed a study to determine the impact of this ownership change on our NOL carryforwards under Section 382 of the Code. If we experience a Section 382 ownership change in as a result of future changes in our stock ownership, some of which changes are outside our control, the tax benefits related to the NOL carryforwards may be further limited or lost.

JOBS Act

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

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a

supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more, (b) the last day of our fiscal year following the fifth anniversary of the date of the completion of our initial public offering, (c) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Results of Operations

Comparison of Years Ended December 31, 2016 and 2015

The following table summarizes the results of our operations for the years ended December 31, 2016 and 2015:

	Year Ended December 31,		
	2016	2015	Change
Collaboration Revenue	$ 669,259	$ —	$ 669,259
Operating Expenses:			
Research and Development	(8,422,542)	(2,717,110)	(5,705,432)
General and Administrative	(5,593,563)	(3,960,498)	(1,633,065)
Total Operating Expenses	(14,016,105)	(6,677,608)	(7,338,497)
Other Income (Expense), Net:	3,409	(1,710,364)	1,713,773
Net Loss	(13,343,437)	(8,387,972)	(4,955,465)
Deemed Dividend on Preferred Stock	—	(8,222,008)	8,222,008
Net Loss Attributable to Non-Controlling Interest	—	(5,177)	5,177
Net Loss Attributable to Common Stockholders	$ (13,343,437)	$ (16,615,157)	$ 3,271,720

Collaboration Revenue. Collaboration Revenue was $0.669 million for the year ended December 31, 2016, compared to $0 million for the year ended December 31, 2015, reflecting the Jade Acquisition and the accompanying Collaboration Revenue we now generate from the U.S. Government Grants.

Research and Development Expenses. Research and development expenses were $8.423 million for the year ended December 31, 2016 compared to $2.717 million for the year ended December 31, 2015. The increase of $5.705 million in costs was primarily due to an increase in clinical and other activity, which we were able to undertake after our August 2015 follow-on offering and is also related to the initiation of our Phase 3 clinical trial for the treatment of anterior uveitis, the Phase 1b/2a trial for post-cataract surgery inflammation and pain, the development of and clinical trial for the EyeGate OBG, as well as research expenses attributable to the Company's EGP-437-based and CMHA-S-based product pipelines.

General and Administrative Expenses. General and administrative expenses were $5.594 million for the year ended December 31, 2016, compared to $3.960 million for the year ended December 31, 2015. The increase of $1.633 million was primarily due to increases in payroll, office and other expenses as company operations have expanded with the initiation in clinical activity related to the EGP-437 Phase 3 trials for the treatment of anterior uveitis, the Phase 1b/2a trial for post-cataract surgery inflammation and pain, and the clinical trial for the EyeGate OBG, as well as the expansion of operations following the Jade Acquisition.

Other Income (Expense), Net. Total other income (expense), net was $0.003 million for the year ended December 31, 2016 and $(1.710) million for the year ended December 31, 2015. The decrease of $1.714 million is due to a decrease in interest expense of $1.934 million, primarily related to the initial public offering, for the year ended December 31, 2016 compared to the year ended December 31, 2015, partially offset by a change in the fair value of the warrant liability of $0.223 million recorded in the year ended December 31, 2015.

Net Loss Attributable to Common Stockholders. Net Loss Attributable to Common Stockholders was $13.343 million for the year ended December 31, 2016, compared to $16.615 million for the year ended

December 31, 2015. The decrease of $3.272 million is primarily due to the deemed dividend on preferred stock of $8.222 million recorded in the year ended December 31, 2015, partially offset by the increase of expenses relating to the EGP-437 Phase 3 trials, the Phase 1b/2a trial for post-cataract surgery inflammation and pain, and the clinical trial for the EyeGate OBG, and increased Research and Development Expenses, General and Administrative Expenses, and other expenses to support these activities.

Liquidity and Capital Resources

Since becoming a public company in 2015, we have financed our operations from the three registered offerings of our Common Stock and convertible preferred stock, and milestone payments from our Valeant License Agreement and the U.S. Government Grants. From inception through December 31, 2016, the Company raised a total of $73.845 million from such sales of our equity and debt securities, both as a public company and prior to our IPO, as well as approximately $4.9 million in payments received under our license agreements and U.S. Government Grants.

In March 2016, we issued approximately 690,000 shares of Common Stock, and paid approximately $0.300 million in cash, to fund the Jade Acquisition.

On July 9, 2015, we received the initial $1.0 million upfront payment from Valeant as provided under the Valeant Agreement. Through December 31, 2016, we have received cash payments of $4.225 million under the Valeant Agreement, which are presented as Cash and Deferred Revenue on our Consolidated Balance Sheet.

On May 24, 2016, we entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC (the "Sales Agent"), to create an at the market equity program under which we can from time to time offer and sell up to 1,319,289 shares of its Common Stock through the Sales Agent. Effective as of June 26, 2016, we halted indefinitely all future offers and sales of our Common Stock pursuant to the ATM Agreement. On June 30, 2016, we closed on the sale of our equity securities in connection with a registered direct offering, described below, and as a result, we were restricted from issuing any shares pursuant to the ATM Agreement for a period of 90 days following June 30, 2016. This restriction lapsed on September 28, 2016. As of December 31, 2016, we had not sold any shares of Common Stock pursuant to the ATM Agreement. On February 21, 2017, we authorized the Sales Agent to restart sales under the ATM Agreement for maximum aggregate gross proceeds of up to $3,285,798.

On June 30, 2016, the Company issued 441,000 shares of Common Stock and 2,776.5 shares Series A Preferred Stock, along with a concurrent private placement of warrants, with total gross proceeds of approximately $3.77 million, in a registered direct offering (the "Offering"). The Company received net proceeds from the Offering, after deducting the placement agent fees and Offering expenses of approximately $3.4 million. Through December 31, 2016, the holder of the Series A Preferred Stock converted all 2,776.5 shares of Series A Preferred Stock into an aggregate of 1,234,000 shares of Common Stock.

At December 31, 2016, we had cash and cash equivalents totaling $3,635,224.

The following table sets forth the primary sources and uses of cash for the years ended December 31, 2016 and 2015:

	Year Ended December 31,	
	2016	2015
Net Cash Used in Operating Activities	$ (8,413,180)	$ (4,459,169)
Net Cash Provided by (Used in) Investing Activities	149,746	(20,000)
Net Cash Provided by Financing Activities	3,498,227	12,616,256

Comparison of Years Ended December 31, 2016 and 2015

Operating Activities. Net cash used in operating activities was $8.413 million for the year ended December 31, 2016, compared to $4.459 million for the year ended December 31, 2015. The primary use of Cash was to fund operating losses of $13.343 million in 2016, offset by the positive impact of receiving cash payments from Valeant and the U.S. Government, some of which is classified as Deferred Revenue on the Consolidated Balance Sheet, and some of which is included in Collaboration Revenue in the Consolidated Statement of Operations.

Investing Activities. Net cash provided by (used in) investing activities was $0.150 million for the year ended December 31, 2016, compared to $(0.020) million for the year ended December 31, 2015. On March 7, 2016, we acquired Jade Therapeutics, Inc., a Common Stock and Cash transaction that required the use of $0.186 million in cash (net of cash acquired).

Financing Activities. We generated approximately $3.5 million in cash from financing activities in 2016, mainly due to net proceeds received from our public offering.

Funding Requirements and Other Liquidity Matters

Our EGP-437 Combination Product and our CMHA-S-based product pipeline are still in various stages of clinical development. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- seek marketing approval for our EGP-437 Combination Product and our CMHA-S-based products;
- establish a sales and marketing infrastructure to commercialize our CMHA-S-based products in the United States, if approved;
- add operational, financial and management information systems and personnel, including personnel to support our product development and future commercialization efforts.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our Stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of a Common Stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with pharmaceutical partners, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, including our EGP-437 Product and our CMHA-S-based products, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market the EGP-437 Product and CMHA-S-based products that we would otherwise prefer to develop and market ourselves.

Based on our cash on hand at December 31, 2016 and cash we expect to receive over the first half of 2017, we believe we will have sufficient cash to fund planned operations for approximately five months. However, the acceleration or reduction of cash outflows by management can significantly impact the timing for raising additional capital to complete development of its products. To continue development, we will need to raise additional capital through debt and/or equity financing, or access additional funding through grants. Although we completed the IPO, follow-on and registered direct offerings, additional capital may not be available on terms favorable to EyeGate, if at all. On May 6, 2016, the SEC declared effective our registration statement on Form S-3, registering a total of $100,000,000 of our securities for sale to the public in what is known as a “shelf offering”. We do not know if our future offerings pursuant to our shelf registration statement will succeed. Accordingly, no assurances can be given that management will be successful in these endeavors. Our recurring losses from operations have caused management to determine there is substantial doubt about our ability to continue as a going concern. Our Consolidated Financial Statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should we be unable to continue as a going concern.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at December 31, 2016.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2016:

	Total	Less Than 1 Year	1 – 3 Years	3 Years & Thereafter
Leases[1]	$ 266,554	$ 169,440	$ 97,114	$ —
Licensing Agreement[2]	62,500	12,500	25,000	25,000
Purchase Obligations[3]	1,388,857	1,388,857	—	—
Total[4]	$ 1,717,911	$ 1,570,797	$ 122,114	$ 25,000

(1) Lease obligations reflect our obligation to make payments in connection with operating leases for our office space and capital leases with respect to laboratory equipment.

(2) Licensing Agreement obligations represent our commitments under license agreements, including those made by us under our license agreements with the University of Miami School of Medicine and the University of Utah Research Foundation.

(3) Purchase Obligations relate to a Master Service Agreement with a contract research organization ("CRO"). The CRO will provide clinical research services for Phase 3 trials in patients with non-infectious anterior segment uveitis.

(4) This table does not include (a) anticipated expenditures under supply agreements for periods for which we are not yet bound under binding purchase orders, and (b) contracts that are entered into in the ordinary course of business that are not material in the aggregate in any period presented above.

In addition, in the course of normal business operations, we have agreements with contract service providers to assist in the performance of our research and development and manufacturing activities. Expenditures to contract research organizations vary based on the study and phases during the clinical development stages. Subject to required notice periods and our obligations under binding purchase orders, we can elect to discontinue the work under these agreements at any time. We could also enter into additional collaborative research, contract research, manufacturing, and supplier agreements in the future, which may require upfront payments and even long-term commitments of cash.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk.***

Not Applicable.

Item 8. ***Financial Statements and Supplementary Data.***

The information required by this item is contained in the Consolidated Financial Statements filed as part of this Annual Report on Form 10-K are listed under Item 15 of Part IV below.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

This Report includes the certifications of our President and Chief Executive Officer (who is our principal executive officer) and our Interim Chief Financial Officer (who is our principal financial and accounting officer) required by Rule 13a-14 of the Exchange Act. *See* Exhibits 31.1 and 31.2. This Item 9A includes information concerning the controls and control evaluations referred to in those certifications.

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the President and Chief Executive Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Annual Report on the Form 10-K, the Company's Management, under the supervision of, and with the participation of, our President and Chief Executive Officer and our

Interim Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2016. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and our management necessarily was required to apply its judgment in evaluating and implementing our disclosure controls and procedures. Based upon the evaluation described above, our President and Chief Executive Officer and our Interim Chief Financial Officer have concluded that they believe that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Our management, under the supervision of our President and Chief Executive Officer and our Interim Chief Financial Officer, is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting (as defined in Rules 13a-15(f) and 15d(f) under the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

A company's internal control over financial reporting includes those policies and procedures that: (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with U.S. GAAP; (c) provide reasonable assurance that receipts and expenditures are being made only in accordance with appropriate authorization of management and the board of directors; and (d) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the Consolidated Financial Statements.

In connection with the preparation of this report, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of that evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2016.

As a smaller reporting company and an "emerging growth company" under the Jumpstart Our Business Startups Act, we are exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As a result, EisnerAmper LLP, our independent registered public accounting firm, has not audited or issued an attestation report with respect to the effectiveness of our internal control over financial reporting as of December 31, 2016.

(c) Changes in Internal Controls Over Financial Reporting

Our management, with the participation of the Chief Executive Officer and the Interim Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting occurred during the fourth quarter ended December 31, 2016. In the fourth quarter of 2016, we implemented a new financial accounting and reporting system. Additionally, in connection with the Jade Acquisition, we began implementing standards and procedures in our Salt Lake City office, including establishing controls over accounting systems and establishing controls over the preparation of financial statements in accordance with U.S. GAAP to ensure that we have in place appropriate internal control over financial accounting and reporting. We believe we have successfully integrated the acquired operations of Jade into our overall internal control over financial accounting and reporting process.

Management concluded that these changes to our internal control over financial accounting and reporting that occurred during the year ended December 31, 2016 have materially affected, or are reasonably likely to materially affect, our internal control over financial accounting and reporting.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2017 Annual Meeting of Stockholders.

Item 11. ***Executive Compensation.***

Incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2017 Annual Meeting of Stockholders.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2017 Annual Meeting of Stockholders.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2017 Annual Meeting of Stockholders.

Item 14. ***Principal Accounting Fees and Services.***

Incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2017 Annual Meeting of Stockholders.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a) Documents Filed. The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements. The Consolidated Financial Statements of EyeGate Pharmaceuticals, Inc. and its subsidiaries filed under this Item 15:

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Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2016 and 2015	F-4
Consolidated Statements of Convertible Preferred Stock, Non-Controlling Interests and Stockholders' (Deficit) Equity for the Years Ended December 31, 2016 and 2015	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	F-7
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(2) Financial Statement Schedules: None. Financial statement schedules have been omitted since the required information is included in our Consolidated Financial Statements contained elsewhere in this Annual Report on Form 10-K.

(3) Exhibits. The exhibits listed in the accompanying Exhibit Index are filed as a part of this Annual Report on Form 10-K.

(b) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as a part of this Annual Report on Form 10-K.

(c) Separate Financial Statements and Schedules: None. Financial statement schedules have been omitted since the required information is included in our Consolidated Financial Statements contained elsewhere in this Annual Report on Form 10-K.

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EYEGATE PHARMACEUTICALS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

EyeGate Pharmaceuticals, Inc.

We have audited the accompanying Consolidated Balance Sheets of EyeGate Pharmaceuticals, Inc. and Subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related Consolidated Statements of Operations and Comprehensive Loss, Convertible Preferred Stock, Non-Controlling Interests and Stockholders' (Deficit) Equity, and Cash Flows for each of the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EyeGate Pharmaceuticals, Inc. as of December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Consolidated Financial Statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the Consolidated Financial Statements, the Company has incurred operating losses from operations and negative cash flows that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ EisnerAmper LLP

New York, New York
February 23, 2017

EYEGATE PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 3,635,224	$ 8,394,133
License and Grant Fees Receivable	37,349	907,500
Prepaid Expenses and Other Current Assets	464,981	122,395
Current Portion of Refundable Tax Credit Receivable	16,484	25,086
Total Current Assets	4,154,038	9,449,114
Property and Equipment, Net	38,040	—
Restricted Cash	45,000	20,000
Goodwill and In-Process R&D	5,438,210	—
Other Assets	55,314	38,587
Total Assets	$ 9,730,602	$ 9,507,701
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities:		
Accounts Payable	$ 1,412,128	$ 417,697
Accrued Expenses	1,670,930	1,095,738
Deferred Revenue	4,225,000	1,907,500
Total Current Liabilities	7,308,058	3,420,935
Non-Current Liabilities:		
Contingent Consideration	1,210,000	—
Deferred Tax Liability	1,525,896	—
Long-Term Portion of Capital Lease Obligation	16,069	—
Total Non-Current Liabilities	2,751,965	—
Total Liabilities	10,060,023	3,420,935
Commitments and Contingencies (Note 11)		
Stockholders' (Deficit) Equity:		
Preferred Stock, $0.01 Par Value: 9,997,223 and 10,000,000 Shares Authorized at December 31, 2015 and 2016, respectively; 0 Shares Issued and Outstanding at December 31, 2016 and 2015	—	—
Common Stock, $0.01 Par Value: 100,000,000 Shares Authorized; 10,130,883 Shares Issued and Outstanding at December 31, 2016 and 7,657,287 Shares Issued and Outstanding at December 31, 2015	101,309	76,573
Additional Paid-In Capital	78,106,645	71,209,530
Accumulated Deficit	(78,598,738)	(65,255,301)
Stockholders' Notes Receivable	(58,824)	(58,824)
Accumulated Other Comprehensive Income	120,187	114,788
Total Stockholders' (Deficit) Equity	(329,421)	6,086,766
Total Liabilities and Stockholders' (Deficit) Equity	$ 9,730,602	$ 9,507,701

See Accompanying Notes to the Consolidated Financial Statements.

EYEGATE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended December 31,	
	2016	2015
Collaboration Revenue	$ 669,259	$ —
Operating Expenses:		
Research and Development	8,422,542	2,717,110
General and Administrative	5,593,563	3,960,498
Total Operating Expenses	14,016,105	6,677,608
Other Income (Expense), Net:		
Interest Income	3,684	947
Change in Fair Value of Warrant Liability	—	223,172
Interest Expense	(275)	(1,934,493)
Other Income, Net	—	10
Total Other Income (Expense), Net	3,409	(1,710,364)
Net Loss	(13,343,437)	(8,387,972)
Deemed Dividend on Preferred Stock	—	(8,222,008)
Net Loss Attributable to Non-Controlling Interests	—	(5,177)
Net Loss Attributable to Common Stockholders	$(13,343,437)	$ (16,615,157)
Net Loss per Common Share – Basic and Diluted	$ (1.51)	$ (2.70)
Weighted Average Shares Outstanding – Basic and Diluted	8,833,898	6,164,064
Net Loss	$(13,343,437)	$ (8,387,972)
Other Comprehensive Loss:		
Foreign Currency Translation Adjustments	5,399	91,211
Comprehensive Loss	(13,338,038)	(8,296,761)
Less:		
Net Loss Attributable to Non-Controlling Interest	—	(5,177)
Other Comprehensive Income Attributable to Non-Controlling Interests	—	32,967
Comprehensive Income Attributable to Non-Controlling Interests	—	27,790
Comprehensive Loss Attributable to Common Stockholders	$(13,338,038)	$ (8,268,971)

See Accompanying Notes to the Consolidated Financial Statements.

EYEGATE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK, NON-CONTROLLING INTERESTS AND STOCKHOLDERS' (DEFICIT) EQUITY

	Convertible Preferred Stock									
	Series A		Series B		Series C		Series D			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Non-Controlling Interests	Total Convertible Preferred Stock and Non-Controlling Interests
Balance at December 31, 2014	**2,483,692**	**$ 254,525**	**8,073,508**	**$ 6,926,180**	**3,351,156**	**$ 5,745,127**	**19,557,392**	**$ 23,482,834**	**$ 6,780,588**	**$ 43,189,254**
Conversion of Preferred Stock to Common Stock at $6.00 Per Share ($0.01 Par Value), Net of Deemed Dividend of $8,222,008	(2,483,692)	(254,525)	(8,073,508)	(6,926,180)	(3,351,156)	(5,745,127)	(19,557,392)	(23,482,834)		(36,408,666)
Conversion of Non-Controlling Interest to Common Stock									(6,818,732)	(6,818,732)
Translation Adjustment									32,967	32,967
Net Income Attributable to Non-Controlling Interest									5,177	5,177
Balance at December 31, 2015	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**$ —**	**$ —**

	Common Stock		Additional Paid In Capital	Stockholders' Notes Receivable	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balance at December 31, 2014	**201,787**	**$ 2,018**	**$10,055,613**	**$ (58,824)**	**$ 56,544**	**$(56,862,152)**	**$(46,806,801)**
Stock-Based Compensation			780,293				780,293
Issuance of Common Stock Upon IPO	683,250	6,833	4,092,667				4,099,500
Issuance of Common Stock in Secondary Public Offering	1,176,470	11,765	9,989,995				10,001,760
Expenses Related to Initial Public Offering			(1,373,858)				(1,373,858)
Expenses Related to Second Public Offering			(1,254,338)				(1,254,338)
Conversion of Preferred Stock to Common Stock at $6.00 Per Share ($0.01 Par Value), Net of Deemed Dividend of $8,222,008	4,567,782	45,678	36,362,988				36,408,666
Conversion of Promissory Notes to Common Stock at $4.20 Per Share	866,056	8,660	3,524,034				3,532,694
Beneficial Conversion Feature on Conversion of Notes Upon the IPO			1,663,873				1,663,873
Exercise of Common Stock Options	26,799	268	26,558				26,826
Exercise of Common Warrants Upon Initial Public Offering	9,748	97	(97)				—
Conversion of Non-Controlling Interest to Common Stock			6,818,732				6,818,732
Reclassification of Previously Issued Warrant Liability to Stockholders' Equity			79,930				79,930
Issuance of Restricted Stock	125,412	1,254	443,140				444,394
Adjustment for Fractional Shares	(17)						
Translation Adjustment					58,244		58,244
Net Loss						(8,393,149)	(8,393,149)
Balance at December 31, 2015	**7,657,287**	**$76,573**	**$71,209,530**	**$ (58,824)**	**$ 114,788**	**$(65,255,301)**	**$ 6,086,766**

See Accompanying Notes to the Consolidated Financial Statements.

EYEGATE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK, NON-CONTROLLING INTERESTS AND STOCKHOLDERS' (DEFICIT) EQUITY – (continued)

	Convertible Preferred Stock		Common Stock		Common Stock Held for Issue		Additional Paid In Capital	Stockholders' Notes Receivable	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2015	—	$ —	7,657,287	$ 76,573	—	$ —	$ 71,209,530	$ (58,824)	$ 114,788	$ (65,255,301)	$ 6,086,766
Stock-Based Compensation							510,995				510,995
Shares Issued to Jade Therapeutics, Inc. Stockholders at Acquisition			689,157	6,891	76,571	291,536	2,611,339				2,909,766
Issuance of Holdback Shares from the Jade Acquisition			22,674	227	(22,674)	(86,329)	86,102				—
Forfeiture of Holdback Shares from the Jade Acquisition					(53,897)	(205,207)	205,207				—
Issuance of Common Stock in Offering, Net of Offering Costs			441,000	4,410			664,027				668,437
Issuance of Series A Preferred Stock Net of Offering Costs	2,777	28					2,776,419				2,776,447
Conversion of Series A Preferred Stock	(2,777)	(28)	1,234,000	12,340			(12,312)				—
Exercise of Common Stock Options			86,765	868			55,338				56,206
Foreign Currency Translation Adjustment									5,399		5,399
Net Loss Attributable to Common Stockholders										(13,343,437)	(13,343,437)
Balance at December 31, 2016	—	$ —	10,130,883	$ 101,309	—	$ —	$ 78,106,645	$ (58,824)	$ 120,187	$ (78,598,738)	$ (329,421)

See Accompanying Notes to the Consolidated Financial Statements.

EYEGATE PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2016	2015
Operating Activities		
Net Loss	$(13,343,437)	$ (8,387,972)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	5,185	1,257
Non-Cash Interest Expense Charge on Beneficial Conversion Feature of Notes	—	1,663,873
Non-Cash Interest Expense Related to Debt Discount	—	244,111
Stock-Based Compensation	510,995	1,224,687
Fair Value Adjustment on Common Stock Warrants	—	(223,172)
Changes in Operating Assets and Liabilities:		
License Fee Receivable	3,233,636	(907,500)
Prepaid Expenses and Other Current Assets	26,287	(95,952)
Refundable Tax Credit Receivable	7,703	(2,357)
Other Assets	(16,727)	(1,148)
Accounts Payable	712,795	(148,250)
Deferred Revenue	—	1,907,500
Accrued Expenses	450,383	265,754
Net Cash Used in Operating Activities	(8,413,180)	(4,459,169)
Investing Activities:		
Equipment Purchased Under Capital Lease	(11,000)	—
Acquisition of Jade (Net of Cash Acquired)	185,746	—
Restricted Cash	(25,000)	(20,000)
Net Cash Provided by (Used in) Investing Activities	149,746	(20,000)
Financing Activities:		
Exercise of Common Stock Options	56,206	26,826
Proceeds from Public Offerings	3,768,698	14,101,260
Offering Costs	(323,814)	(1,479,202)
Equipment Financing Payments	(2,863)	—
Payments of Grants Payable	—	(32,628)
Net Cash Provided by Financing Activities	3,498,227	12,616,256
Effect of Exchange Rate Changes on Cash	6,298	90,045
Net (Decrease) Increase in Cash	(4,758,909)	8,227,132
Cash, Beginning of Year	8,394,133	167,001
Cash, End of Year	**$ 3,635,224**	**$ 8,394,133**
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Conversion of Non-Controlling Interests to Common Stock	$ —	$ 6,818,732
Conversion of Preferred Stock into Common Stock	$ 2,776,419	$ 36,408,666
Exercise of Common Warrants	$ —	$ 97
Conversion of Promissory Notes and Accrued Interest into Common Stock	$ —	$ 3,532,694
Deemed Dividend on Conversion of Preferred Stock	$ —	$ 8,222,008
Application of Deferred Offering Costs on IPO	$ —	$ 1,148,994
Warrant Liability Reclassified to Stockholders' Equity	$ —	$ 79,930
Issuance of Common Stock to Acquire Jade Therapeutics, Inc.	$ 2,909,766	$ —
Contingent Liability in Connection with Jade Acquisition	$ 1,210,000	$ —
Property and Equipment Acquired Under Capital Lease	$ 31,576	$ —

See Accompanying Notes to the Consolidated Financial Statements.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, Business

EyeGate Pharmaceuticals, Inc. ("EyeGate" or the "Company") a Delaware corporation, began operations in December 2004 and is a clinical-stage specialty pharmaceutical company that is focused on developing and commercializing products for treating diseases and disorders of the eye. EyeGate's first product in clinical trials incorporates a reformulated topically active corticosteroid, dexamethasone phosphate, EGP-437, that is delivered into the ocular tissues though our proprietary iontophoresis drug delivery system, the EyeGate® II Delivery System. The Company is developing the EyeGate® II Delivery System and EGP-437 combination product (together, the "EGP-437 Product") for the treatment of various inflammatory conditions of the eye, including anterior uveitis, a debilitating form of intraocular inflammation of the anterior portion of the uvea, such as the iris and/or ciliary body, post-cataract surgery inflammation and pain, and macular edema, an abnormal thickening of the macula associated with the accumulation of excess fluids in the retina. Effective March 7, 2016, the Company acquired all of the capital stock of Jade Therapeutics, Inc. ("Jade"), a privately-held company developing locally-administered, polymer-based products designed to treat poorly-served ophthalmic indications (the "Jade Acquisition"). *See* Note 13, "Acquisitions". EyeGate and Jade are an integrated line of business developing ophthalmic solutions for a variety of ocular diseases and disorders.

On February 13, 2015, the Company completed an underwritten initial public offering (the "IPO") for 683,250 shares of Common Stock. The net proceeds to the Company from the IPO, after deducting the underwriting discounts, commissions, and offering expenses, were approximately $2.7 million. Shares of the Company's Common Stock began trading on the OTCQB Venture Marketplace under the symbol "EYEG" on February 13, 2015, and the IPO was closed on February 19, 2015. Immediately prior to the IPO, in related transactions, the Company converted all outstanding notes payable into shares of Common Stock, and all shares of its convertible preferred stock into shares of Common Stock. The various classes of shares of preferred stock were converted to shares of Common Stock at a different ratio for each class of preferred stock for 1.00 share of Common Stock. On August 5, 2015, the Company closed an underwritten follow-on public offering of 1,176,470 shares of its Common Stock, and warrants to purchase 1,176,470 shares of its Common Stock. The net proceeds to the Company from this follow-on offering, after deducting underwriting discounts, commissions, and offering expenses, were approximately $8.8 million. The warrants are immediately exercisable, and expire on August 5, 2020. At the closing of this follow-on offering, the Company also issued and sold additional warrants to purchase up to 176,470 shares of Common Stock in connection with the full exercise of the underwriters' over-allotment option to purchase additional warrants. On June 30, 2016, the Company completed a subsequent registered direct offering of 441,000 shares of Common Stock and 2,776.5 shares of Series A Preferred Stock (convertible into 1,234,000 shares of Common Stock), along with a concurrent private placement of warrants to purchase Common Stock. The total net proceeds to the Company from this subsequent offering, after deducting the placement agent fees and offering expenses, were approximately $3.4 million. The warrants are initially exercisable on December 30, 2016, and expire on December 30, 2021. *See* Note 6, "Capital Stock".

As of December 31, 2016, there were 10,130,883 shares of Common Stock outstanding, $0.01 par value, and no shares of Series A Preferred Stock outstanding, $0.01 par value.

Effective July 31, 2015, the Company's Common Stock began trading on the Nasdaq Capital Market under the symbol "EYEG".

Since its inception, EyeGate has devoted substantially all of its efforts to business planning, research and development, and raising capital.

The accompanying Consolidated Financial Statements have been prepared assuming that EyeGate will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2016, EyeGate had Cash and Cash Equivalents of $3,635,224, and an Accumulated Deficit of $78,598,738. EyeGate has incurred losses and negative cash flows since inception, and future losses are anticipated. The Company anticipates having sufficient cash to fund planned

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, Business – (continued)

operations for approximately five months, however, the acceleration or reduction of cash outflows by Company management can significantly impact the timing for raising additional capital to complete development of its products. To continue development, EyeGate will need to raise additional capital through equity financing, license agreements, and/or additional U.S. government grants. Although the Company successfully completed its IPO, a follow-on offering, and a registered direct offering, additional capital may not be available on terms favorable to EyeGate, if at all. On May 6, 2016, the SEC declared effective EyeGate's registration statement on Form S-3, registering a total of $100,000,000 of its securities for sale to the public from time to time in what is known as a "shelf offering". The Company does not know if any future offerings pursuant to its shelf registration statement will succeed. Accordingly, no assurances can be given that Company management will succeed in these endeavors. The Company's recurring losses from operations have caused management to determine there is substantial doubt about the Company's ability to continue as a going concern. The Consolidated Financial Statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Corrected Goodwill and Deferred Tax Liability

The Company has determined that goodwill and a related deferred tax liability previously reported in its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016 were understated due to the inadvertent use of the deferred tax liability to offset deferred tax assets on the intangibles acquired in the Jade Transaction in March 2016, resulting in a reduced valuation allowance against its net deferred tax assets. The intangible assets estimated life will be determined and amortization will commence when the underlying technology is approved by the FDA for commercialization.

As a result, goodwill and the deferred tax liability reported were understated by $1.526 million for the three months ended March 31, 2016 for the three and six months ended June 30, 2016 and for the three and nine months ended September 30, 2016, respectively.

This matter did not have an impact on stockholders' equity (deficit), statement of operations or net loss per share and cash flows for the three months ended March 31, 2016, for the three and six months ended June 30, 2016, and for the three and nine months ended September 30, 2016.

The Company did not amend the respective Form 10-Q's as management determined the errors to be immaterial.

Basis of Presentation and Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its subsidiaries, EyeGate Pharma S.A.S. and Jade (since the date of the Jade Acquisition), collectively referred to as "the Company". All inter-company balances and transactions have been eliminated in consolidation. These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of expenses during the reporting periods. The Company makes significant estimates and assumptions in recording the accruals for our clinical trial and research activities, establishing the useful lives of intangible assets and property and equipment, and conducting impairment reviews of long-lived assets. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

circumstances. Although the Company monitors and regularly assesses these estimates, actual results could differ significantly from these estimates. The Company records changes in estimates in the period that it becomes aware of the change.

Foreign Currency Translation

Operations of EyeGate Pharma S.A.S. are conducted in euros which represent its functional currency. Balance sheet accounts of such subsidiary were translated into U.S. dollars at the exchange rate in effect at the balance sheet date and income statement accounts were translated to the average rate of exchange prevailing during the period. Translation adjustments resulting from this process, are included in accumulated other comprehensive loss on the Consolidated Balance Sheets.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with maturity of 90 days or less when acquired that are not restricted as to withdrawal, to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. Cash equivalents, which were nominal in amount, consisted of money market accounts that are readily convertible to cash. As of December 31, 2016 and 2015, the Company has classified $45,000 and $20,000 as restricted cash, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful life of 3 to 7 years for all assets. Maintenance and repair costs are expensed as incurred. The Company reviews its property and equipment whenever events or changes in circumstances indicate that the carrying value of certain assets might not be recoverable, and recognizes an impairment loss when it is probable that the estimated cash flows are less than the carrying value of the asset.

Impairment of Long-Lived Assets

The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of and considers whether long-lived assets held for use have been impaired whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Management makes significant estimates and assumptions regarding future sales, cost trends, productivity and market maturity in order to test for impairment. Management reports those long-lived assets to be disposed of and assets held for sale at the lower of carrying amount or fair value less cost to sell. Based on current facts, estimates and assumptions, management believes that no assets are impaired at December 31, 2016. There is no assurance that management's estimates and assumptions will not change in future periods.

Research and Development Expenses

The Company expenses research and development ("R&D") expenditures as incurred. R&D expenses are comprised of costs incurred in performing R&D activities, including salaries, benefits, facilities, research-related overhead, sponsored research costs, contracted services, license fees, expenses related to generating, filing, and maintaining intellectual property and other external costs. Because the Company believes that, under its current process for developing its products, the viability of the products is essentially concurrent with the establishment of technological feasibility, no costs have been capitalized to date.

Goodwill

Goodwill is the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired. Goodwill at December 31, 2016 was $1,525,896, which solely consists of the goodwill acquired in the acquisition of Jade (*see* Note 13).

Goodwill is not amortized and is tested for impairment on an annual basis in the fourth quarter of each fiscal year and whenever events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

The Company performed qualitative impairment evaluations on its goodwill as of December 31, 2016 and determined that there were no indications that goodwill was impaired.

In-Process Research and Development

The Company records in-process R&D projects acquired as asset acquisitions that have not reached technological feasibility and which have no alternative future use. For in-process R&D projects acquired in business combinations, the Company capitalizes the in-process R&D project and periodically evaluates this asset for impairment until the R&D process has been completed. Once the R&D process is complete, the Company amortizes the R&D asset over its remaining useful life. At December 31, 2016, the Company had recorded $3,912,314 as in-process R&D in connection with the Jade Acquisition as part of goodwill and in-process R&D.

Accrued Clinical Expenses

As part of our process of preparing the Consolidated Financial Statements, the Company is required to estimate its accrued expenses. This process includes reviewing open contracts and purchase orders, communicating with its applicable personnel to identify services that have been performed on its behalf and estimating the level of service performed and the associated costs incurred for the service when the Company has not yet been invoiced or otherwise notified of actual costs. The majority of the Company's service providers invoice monthly in arrears for services performed. The Company makes estimates of its accrued expenses as of each balance sheet date in the financial statements based on facts and circumstances known at the time. The Company periodically confirms the accuracy of these estimates with the service providers and makes adjustments if necessary.

Business Segment and Geographical Information

The Company identifies operating segments as components of the enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions on how to allocate resources and assess performance. The Company views its operations and manages its business as fully integrated and operating in one business segment (research and development), and the Company operates in one geographic segment.

Income Taxes

The Company will record a deferred income tax asset and liability for the expected future income tax consequences of events that have been recognized in the Company's Consolidated Financial Statements and income tax returns. The Company will record a deferred income tax asset and liability based on differences between the financial statement carrying, or "book", amounts of assets and liabilities, and the tax bases of the assets and liabilities using the enacted income tax regulations in effect in the years in which the differences are expected to reverse. A valuation allowance against deferred income tax asset will be recorded if, based on the weight of available evidence, it is more likely than not that some or all of the deferred income tax assets will not be realized. As of December 31, 2016 and 2015, substantially all of the Company's net deferred income tax assets were subject to a full valuation allowance.

The Company recognizes the impact of an uncertain income tax position in the financial statements if it believes that the position is more likely than not to be sustained by the relevant taxing authority. As of December 31, 2016, the Company had no unrecognized uncertain income tax positions.

Refundable Tax Credits for Research and Development

EyeGate Pharma is entitled to receive refundable tax credits associated with its research and development expenses in France. These tax credits can be realized, upon request of the Company, in the form of a cash payment or credits against tax liabilities. As a result of the 2015 Protecting Americans from Tax Hikes ("PATH") Act, the Company is evaluating whether it qualifies under the PATH Act to utilize the payroll tax offset in 2017. The Company records the refundable tax credit as income in the year in which the research and development expenses are incurred.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

Concentration of Credit Risk and Off-Balance-Sheet Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company invests cash in accredited financial institutions and cash equivalents in widely held money market funds. Consequently, such funds are subject to minimal credit risk.

The Company has no significant off-balance-sheet risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

Comprehensive Loss

Comprehensive loss is defined as the change in stockholders' equity (deficit) during a period from transactions, and other events and circumstances from non-owner sources. The foreign currency translation adjustments (*see* above) are the Company's only component of other comprehensive loss.

Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees and others. The Company measures stock-based compensation cost to employees at grant date, based on the estimated fair value of the award, and recognizes the cost as expense on a straight-line basis over the employee requisite service period. The Company estimates the fair value of stock options using the Black-Scholes valuation model. The Company elected to early adopt ASU No. 2016-09 *Compensation — Stock Compensation* to record forfeitures as they occur. Prior to the adoption of this guidance, the Company did not record forfeitures as they were immaterial. The Company recognizes compensation expense for non-employee stock option grants at the fair value of the goods or services received or the equity instruments issued, whichever is more reliably measurable. The Company recorded compensation expense for non-employee awards with graded vesting using the accelerated expense attribution method. In applying the Black-Sholes valuation model, prior to July 1, 2016 the Company estimated the volatility factor in the valuation calculation by using the historic stock volatility of a group of peer public companies. Effective July 1, 2016, the Company determined that the prior methodology for measuring the volatility of its Common Stock was no longer the best estimate of volatility, and the Company will instead measure volatility using its own Common Stock volatility. The Company believes that the public market for its Common Stock is the best measure to use as an input in the option pricing model. All future grants of stock options will use the Company's historic Common Stock volatility.

The Company will record a deferred income tax asset for any stock-based award that results in a deduction on the Company's income tax return, based on the amount of compensation expense recognized multiplied by the Company's statutory income tax rate in the jurisdiction in which it will receive the deduction for compensation expense. Differences between the deferred income tax asset recognized for financial reporting purposes and the actual income tax benefit realized on the Company's income tax return will be recorded in additional paid-in capital on the Consolidated Balance Sheets if the income tax benefit exceeds the deferred income tax asset, or in the Consolidated Statements of Operations if the deferred income tax asset exceeds the income tax benefit and no additional paid-in capital exists from previous awards. As of December 31, 2016 and 2015, there are no such differences that are recorded in the Company's Consolidated Financial Statements.

Net Loss per Share-Basic and Diluted

The computation of Net Loss per Common Share — Basic and Diluted, is based on the weighted-average number of shares outstanding Common Stock.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

In computing diluted loss per share, no effect has been given to the shares of Common Stock issuable upon the conversion or exercise of the following dilutive securities as the Company's net loss would make the effect anti-dilutive.

	December 31, 2016	December 31, 2015
Common Stock Warrants	2,852,736	1,983,673
Employee Stock Options	1,509,711	1,277,367
Total Shares of Common Stock Issuable	4,362,447	3,261,040

Related-Party Transactions

The Company has entered into certain related-party transactions, making payments for services to one vendor, ten consultants and a public university, all of whom also are stockholders of the Company. These transactions generally are ones that involve a stockholder or option holder of the Company to whom we also make payments during the year, typically as a consultant or a service provider. The amounts recorded or paid are not material to the accompanying Consolidated Financial Statements.

Fair Value of Financial Instruments

The carrying amounts of Accounts Receivable and Accounts Payable approximate their fair values due to the short-term nature of these items. As December 31, 2016 and December 31, 2015, the fair value of the Company's money market funds and contingent consideration was $1,500,882 and $1,210,000, and $7,200,450 and $0, respectively.

At December 31, 2016 and December 31, 2015, the Company had no other assets or liabilities that are subject to fair value methodology and estimation in accordance with FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*.

Revenue Recognition

The Company follows Accounting Standards Update ("ASU") No. 2009-13,*Multiple-Deliverable Revenue Arrangements,* and ASU 2010-17, *Revenue Recognition-Milestone Method* in connection with its accounting for collaboration arrangements. The Company's revenues are generated primarily through arrangements which generally contain multiple elements, or deliverables, including licenses and R&D activities to be performed by the Company on behalf of the licensor or grantor. Payments to EyeGate under these arrangements typically include one or more of the following: (1) nonrefundable, upfront license fees, (2) funding of discovery research efforts on a full-time equivalent basis, (3) reimbursement of research, development and intellectual property costs, (4) milestone payments, and (5) royalties on future product sales.

When evaluating multiple element arrangements, Company management considers whether the deliverables under the arrangement represent separate units of accounting. This evaluation requires subjective determinations and requires Company management to make judgments about individual deliverables, including whether such deliverable is separable from the other aspects of the contractual relationship. In determining a unit of accounting, Company management evaluates certain criteria, including whether the deliverable has standalone value, based on the consideration of the relevant facts and circumstances for each arrangement. The consideration received is allocated among each separate unit of accounting using the relative selling price method, and the applicable revenue recognition criteria is applied to each separate unit.

The Company generally expects to recognize revenue attributable to a future license obtained on a straight-line basis over the Company's contractual or estimated performance period, which is typically the term of the Company's R&D obligation. If Company management cannot reasonably estimate when the Company's performance obligation ends, then revenue is deferred until Company management can reasonably estimate when the performance obligation ends. The periods over which revenue should be recognized are subject to estimates by management and may change over the course of the R&D agreement. Such a change

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

could have a material impact on the amount of revenue the Company records in future periods. At the inception of arrangements that include milestone payments, Company management evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance, and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. Company management evaluates factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment. The Company has concluded that the clinical and development milestones pursuant to its R&D arrangements are substantive.

The Company aggregates its milestones into four categories: (i) clinical and development milestones, (ii) the chemistry, manufacturing and controls ("CMC") validation, (iii) regulatory milestones, and (iv) commercial milestones. Clinical and development milestones are typically achieved when a product candidate advances into a defined phase of clinical research or completes such phase or when a contractually specified clinical trial enrollment target is attained. CMC validation milestones are typically achieved when the validation paperwork is finalized. Regulatory milestones are typically achieved upon acceptance of the submission for marketing approval of a product candidate or upon approval to market the product candidate by the FDA or other global regulatory authorities. For example, a milestone payment may be due to the Company upon the FDA's acceptance of an NDA. Commercial milestones are typically achieved when an approved pharmaceutical product reaches certain defined levels of net sales by the licensee, such as when a product first achieves global sales or annual sales of a specified amount.

Revenues from clinical and development, CMC and regulatory milestone payments (if the milestones are deemed substantive and the milestone payments are nonrefundable) are recognized upon successful accomplishment of the milestones. Revenue from commercial milestone payments are accounted for as royalties and are recorded as Revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met.

Payments or reimbursements resulting from the Company's R&D activities are recognized as the services are performed and are presented on a gross basis so long as there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the related receivable is reasonably assured. Amounts received prior to satisfying the above revenue recognition criteria are recorded as Deferred Revenue on the Balance Sheet.

On July 9, 2015, the Company entered into an exclusive, worldwide licensing agreement with a subsidiary of Valeant Pharmaceuticals International, Inc. ("Valeant"), through which the Company granted to Valeant an exclusive, worldwide commercial and manufacturing right to the Company's EGP-437 Product in the field of anterior uveitis, as well as a right of last negotiation to license our EGP-437 Product for indications other than anterior uveitis (the "Valeant Agreement"). There are four principal R&D milestones under the Valeant Agreement: (i) the Phase 3 Clinical Trial, (ii) the Endothelial Cell Count Safety Trial (a trial to determine that treatment has not adversely affected a patient's corneal endothelial cell density), (iii) the CMC Validation, and (iv) the New Drug Application, or "NDA", filing with the FDA (collectively, the "Four Milestones", and each individually, a "Milestone"). Under the Valeant Agreement, Valeant paid to the Company an initial upfront payment, and the Company is eligible to receive certain other payments, upon and subject to the achievement of certain specified development and commercial progress of the EGP-437 Product for the treatment of anterior uveitis. The Company received the initial up-front payment in 2015, which it recorded as Deferred Revenue on its Consolidated Balance Sheet, and later in 2015 began

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

receiving certain additional payments, based on R&D progress, to continue over several years. The Company receives payments both when it crosses certain thresholds on the way to each Milestone (each, a "Progress Payment"), as well as once it achieves each Milestone. The Company is entitled to retain all of these payments. The Company defers each Progress Payment, capitalizes each payment on its Consolidated Balance Sheet as Deferred Revenue, and recognizes these payments in the aggregate as Revenue once it achieves the Milestone to which the Progress Payment relates. The Company recognizes the initial upfront payment as Revenue ratably as it completes each of the Four Milestones, the amount recognized being the total upfront payment times the percentage represented by the proportionate share of fair value of each Milestone relative to the total fair value of all Milestones. Accordingly, the Deferred Revenue account on the Consolidated Balance Sheet is reduced as Revenue is recognized in the Consolidated Statement of Operations. The Company expects to begin recognizing Revenue with respect to the Valeant Agreement Progress Payments in 2017.

The Company receives government grant funds from two sources: the U.S. Department of Defense ("DoD") and the National Science Foundation ("NSF"). The Company is paid by the DoD after it performs specified, agreed-upon research, and it records these grant funds as Revenue as it performs the research. The Company is paid by the NSF before it performs specified, agreed-upon research. The Company records these NSF funds on our Consolidated Balance Sheet as Deferred Revenue when invoiced, and recognize these amounts as Revenue ratably as the research is performed, typically over a six-month period.

The DoD and NSF have each committed to grant funds to Jade for specified ocular therapeutic research activities (together, the "U.S. Government Grants") to be conducted through 2017, of which grants approximately $0.445 million remain to be funded. The Company recognizes grant funds as Revenue when it performs the activities specified by the terms of the grant and is entitled to the funds.

Recent Accounting Pronouncements

In November 2016, FASB issued ASU No. 2016-18,*Restricted Cash*, which clarifies guidance and presentation related to restricted cash in the statement of cash flows, including stating that restricted cash should be included within cash and cash equivalents on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted, and is to be applied retrospectively. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

In March 2016, the Financial Accounting Standard Board ("FASB") issued ASU No. 2016-09,*Compensation — Stock Compensation (Topic 718)* ("ASU 2016-09"). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification of the award as equity or as a liability, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years and interim periods beginning after December 15, 2016, including interim periods within those reporting period. The Company elected to early adopt this guidance. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02,*Leases* ("ASU 2016-02"), which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. Under ASU 2016-02, lessees will be required to recognize for all leases at the commencement date a lease liability, which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and the right-to-use assets, which are asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The Company does not expect to early adopt this standard and currently has leases (*see* Note 11) that will be in place at the effective date. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

In November 2015, the FASB issued ASU No. 2015-17,*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"), which simplifies the presentation of deferred income

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies – (continued)

taxes. ASU 2015-17 requires that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for financial statements issued for fiscal years beginning after December 15, 2016 (and interim periods within those fiscal years) with early adoption permitted. ASU 2015-17 may be either applied prospectively to all deferred tax assets and liabilities or retrospectively to all periods presented. The Company has elected to early adopt ASU 2015-17 retrospectively in the fourth quarter of 2016. There was no impact as a result of the adoption of ASU 2015-17.

In August 2014, the FASB issued ASU No. 2014-15,*Presentation of Financial Statements — Going Concern (Subtopic 205-40).* The new guidance addresses management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company adopted this standard effective with these financials statements. Such adoption did not have a material effect on its financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09,*Revenue from Contracts with Customers (Topic 606)*, as subsequently amended, that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most recent current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also specifies the accounting for certain incremental costs of obtaining a contract, and costs to fulfill a contract with a customer. Entities have the option of applying either a full retrospective approach to all periods presented, or a modified approach that reflects differences prior to the date of adoption as an adjustment to equity. In April 2015, the FASB deferred the effective date of this guidance until January 1, 2018. The Company is not early adopting this standard. The Company's sole revenue activities currently relate to the Valeant Agreement and its U.S. Government Grants, and based upon its initial review, the Company does not expect the new standard to have a financial effect on its financial statements and related disclosures.

3. Property and Equipment

Property and equipment at December 31, 2016 and 2015 consists of the following:

	Estimated Useful Life (Years)	2016	2015
Laboratory Equipment	7	$ 42,576	$ 14,661
Computer Equipment	3	0	182,914
Computer Software	3	0	46,038
Furniture, Fixtures and Office Equipment	5	0	24,480
		42,576	268,093
Less Accumulated Depreciation		4,536	268,093
		$ 38,040	$ —

Depreciation expense was $5,185 and $1,257 for the years ended December 31, 2016 and 2015, respectively.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
	2016	2015
Payroll and Benefits	$ 668,802	$ 652,609
Clinical Trials	770,158	365,277
Consulting	44,983	18,500
Professional Fees	174,342	59,352
Short-Term Portion of Capital Lease Obligation	12,645	—
Total Accrued Expenses	$ 1,670,930	$ 1,095,738

5. Debt

The Company has no indebtedness other than trade and accounts payable and capital lease obligations in the ordinary course of business as of the years ended December 31, 2016 and 2015.

6. Capital Stock

On May 24, 2016, the Company entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC (the "Sales Agent"), to create an at the market equity program under which the Company can from time to time offer and sell up to 1,319,289 shares of its Common Stock through the Sales Agent. Effective June 26, 2016, the Company halted indefinitely all future offers and sales of its Common Stock pursuant to the ATM Agreement. As of December 31, 2016, the Company had not sold any shares of Common Stock pursuant to the ATM Agreement. On June 30, 2016, the Company closed on the sale of its equity securities in connection with a registered direct offering, described below, and as a result, the Company was restricted from issuing any shares pursuant to the ATM Agreement for a period of 90 days following the close of the ATM Agreement. This restriction lapsed on September 28, 2016. On February 21, 2017, the Company authorized the Sales Agent to restart sales under the ATM Agreement for maximum aggregate gross proceeds of up to $3,285,798.

On June 27, 2016, in connection with the issuance of 2,776.5 shares of Series A Preferred Stock in the Company's registered direct offering, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock with the Delaware Secretary of State. Each share of Series A Preferred Stock has a stated value of $1,000 and is convertible into shares of the Company's Common Stock at any time at the holder's option at an initial conversion price of $2.25. The holder, however, would be prohibited from converting shares Preferred Stock into shares of Common Stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 4.99% of the shares of the Company's shares of Common Stock then issued and outstanding, which may be increased to 9.99% in certain circumstances. In the event of the Company's liquidation, dissolution, or winding up, holders of Series A Preferred Stock would receive a payment equal to $0.01 per share of Series A Preferred Stock before any proceeds are distributed to the holders of shares of Common Stock. Shares of Series A Preferred Stock generally had no voting rights, except as required by law and except that the consent of holders of a majority of the outstanding Series A Preferred Stock will be required to amend any provision of the Company's certificate of incorporation that would have a materially adverse effect on the rights of the holders of the Series A Preferred Stock. Shares of Series A Preferred Stock were not entitled to receive any dividends, unless and until specifically declared by the Company's Board of Directors, and ranked:

- senior to all of the Company's Common Stock to the extent of its liquidation preference of $0.01;
- senior to any class or series of the Company's capital stock hereafter created specifically ranking by its terms junior to the Series A Preferred Stock to the extent of its liquidation preference of $0.01;
- senior to all of the Company's outstanding warrants; and

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Capital Stock – (continued)

- on parity to any class or series of the Company's capital stock hereafter created specifically ranking by its terms on parity with the Series A Preferred Stock.

On June 30, 2016, the Company completed a registered direct offering of 441,000 shares of Common Stock and 2,776.5 shares of Series A Preferred stock (convertible into 1,234,000 shares of Common Stock), along with a concurrent private placement of warrants. Concurrently with the closing of the registered direct offering, the holder elected to convert 123.75 shares of Series A Preferred Stock into 55,000 shares of Common Stock. The total net proceeds to the Company from this offering, after deducting the placement agent fees and offering expenses, were approximately $3.4 million. Additionally, the investor received, for each share of Common Stock, or for each share of Common Stock issuable upon conversion of a share of Series A Preferred Stock purchased in the registered direct offering, warrants to purchase one-half of a share of Common Stock at an exercise price of $3.50 per share, aggregating warrants to purchase 837,500 shares of Common Stock. The warrants issued to the investor were initially exercisable six months following issuance, and terminate five years following the initial exercise date (December 30, 2016). In addition, the Company issued to the Sales Agent warrants to purchase 33,500 shares of Common Stock. The warrants and the shares of Common Stock underlying the warrants issued in this offering have not been registered under the Securities Act, or applicable state securities laws. During the year ended December 31, 2016, the holder of the Series A Preferred Stock converted all 2,776.5 shares of preferred stock into 1,234,000 shares of Common Stock.

At December 31, 2016 and December 31, 2015, the Company had 100,000,000 and 100,000,000 authorized shares of Common Stock, $0.01 par value, respectively, of which 10,130,883 and 7,657,287 shares, respectively, were outstanding, and 9,997,223 and 10,000,000 authorized shares of Preferred Stock, $0.01 par value, respectively, of which 0 and 0 shares, respectively, are issued and outstanding. At both December 31, 2016 and 2015, there were 0 shares of Common Stock underlying the outstanding shares of Series A Preferred Stock**.**

7. Warrants

At December 31, 2016 and 2015, the following warrants were outstanding:

	Number of Awards	Weighted Average Exercise Price	Weighted Average Remaining Term in Years
Outstanding at December 31, 2014*	21,964	$ 4.52	1.21
Issued	1,983,673	$ 9.18	5.32
Exercised	(10,929)	$ 0.65	
Forfeited	(11,035)	$ 8.35	
Outstanding at December 31, 2015	1,983,673	$ 9.18	5.32
Issued	871,000(1)	$ 3.50(2)	4.49
Forfeited	(1,937)	$ 9.18	4.82
Outstanding December 31, 2016	2,852,736	$ 7.45	4.34

(1) Consists of 1,742,000 warrants to purchase 837,500 shares of Common Stock issued to the investor, and 33,500 warrant shares issued to the Sales Agent, in connection with the Company's registered direct offering on June 30, 2016.

(2) Warrant exercise price for a full share of Common Stock. Each warrant issued is for the purchase of one-half of a share of Common Stock.

* Does not include warrants convertible into common or preferred stock issued to holders of the Amended and Restated Notes of 2014 Notes.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Warrants – (continued)

All of the warrant agreements provide for a cashless exercise, whereby the number of warrants to be issued will be reduced by the number of shares which could be purchased from the proceeds of the exercise of the respective warrant. The outstanding warrants expire from 2017 through 2021.

In February 2015, in connection with the Company's IPO, the Company issued 34,163 and 33,838 common stock warrants to the underwriters at $7.50 and $6.00, respectively for the IPO and underwriter fees. In February 2015, the Company also issued 562,732 note warrants in connection with its IPO.

In August 2015, in connection with the Company's follow-on offering, the Company issued 1,176,470 common stock warrants to the underwriter at an exercise price of $10.62. In addition, the underwriters exercised the overallotment option to purchase 176,470 warrants at $10.62.

8. Stockholders' Notes Receivable

In 2005 and 2006, certain of the Company's Stockholders and officers issued various promissory notes totaling $195,000 for the sale of Common Stock. The notes were full recourse and were collateralized by the shares of Common Stock sold. The amended notes bore compound interest at 0.93%, effective October 1, 2012. As of October 1, 2016, these notes had matured.

As of December 31, 2016 and December 31, 2015, principal and accrued interest (in accrued expenses) of $89,825 and $88,995, respectively, was outstanding on the remaining stockholder note.

9. Equity Incentive Plan

In 2005, the Company approved the 2005 Equity Incentive Plan (the "2005 Plan"). The 2005 Plan provides for the granting of options, restricted stock or other stock-based awards to employees, officers, directors, consultants and advisors. During 2010, the maximum number of shares of Common Stock that may be issued pursuant to the 2005 Plan was increased to 891,222 shares. The Board of Directors (the "Board") is responsible for administration of the 2005 Plan. The Company's Board determines the term of each option, the option exercise price, the number of shares for which each option is granted and the rate at which each option is exercisable. Incentive stock options may be granted to any officer or employee at an exercise price per share of not less than the fair value per common share on the date of the grant (not less than 110% of fair value in the case of holders of more than 10% of the Company's voting stock) and with a term not to exceed ten years from the date of the grant (five years for incentive stock options granted to holders of more than 10% of the Company's voting stock). Nonqualified stock options may be granted to any officer, employee, consultant or director at an exercise price per share of not less than the par value per share.

The Company's adopted the 2014 Equity Incentive Plan (the "2014 Plan"), and the Employee Stock Purchase Plan the (the "ESPP"), and the Company's Stockholders approved the 2014 Plan and the ESPP Plan in February 2015. The maximum number of shares of Common Stock that may be issued pursuant to the 2014 Plan and the ESPP is 1,034,888 and 70,567 shares, respectively.

On January 1, 2017 and 2016, the number of shares of Common Stock issuable under the 2014 Plan automatically increased by 405,235 and 306,291 shares pursuant to the terms of the 2014 Plan, respectively, which additional shares are included in the total of 1,440,123 shares issuable under the 2014 Plan.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Equity Incentive Plan – (continued)

The following is a summary of stock option activity for the twelve months ended December 31, 2016 and 2015:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Contractual Life (In Years)
Outstanding at December 31, 2014	752,372	$ 0.91	4.30
Granted	560,393	5.12	9.08
Exercised	(26,799)	2.37	
Expired	(8,599)	0.65	
Outstanding at December 31, 2015	1,277,367	$ 2.75	4.94
Granted	377,771	2.74	9.79
Exercised	(86,765)	0.65	
Expired (Forfeited)	(58,662)	3.31	
Outstanding at December 31, 2016	1,509,711	$ 2.85	5.04
Exercisable at December 31, 2016	1,004,395	$ 2.86	3.09
Vested and Expected to Vest at December 31, 2016	1,509,711	$ 2.85	5.04

On February 24, 2015, the Board approved the issuance of 350,000 stock options under the 2014 Plan to two executives and seven members of the Board. These options vest 25% on the grant date, 25% on the one-year anniversary of the grant date, and the remaining 50% in 24 monthly equal installments thereafter.

During the year ended December 31, 2015, and the six months ended June 30, 2016, the Company estimated the volatility of its Common Stock based on the average of published volatilities contained in the most recent audited financial statements of other SEC reporting companies in industries similar to that of the Company. Effective July 1, 2016, the Company determined that the prior methodology for measuring the volatility of its Common Stock was no longer the best estimate of volatility and the Company will measure volatility using its Common Stock volatility. The Company believes that the public market for its Common Stock is the best measure to use as an input in the option pricing model. All future grants of stock options will use the Company's historic Common Stock volatility.

During the year ended December 31, 2016, the Board approved the grant of options to purchase 377,771 shares of its Common Stock. All option grants were pursuant to the 2014 Plan. In general, options granted under the 2014 Plan vest 33.33% on the one-year anniversary of the grant date, and the remainder ratably over the 24-month period following the one-year anniversary.

The total stock-based compensation expense for employees and non-employees is included in the accompanying Consolidated Statements of Operations and as follows:

	Year Ended December 31	
	2016	2015
Research and Development	$ 46,288	$ 183,235
General and Administrative	464,707	1,041,452
	$ 510,995	$ 1,224,687

The fair value of options granted for the twelve months ended December 31, 2016 and December 31, 2015 was approximately $758,000 and $202,000, respectively. As of December 31, 2016 and December 31, 2015, there is approximately $984,000 and $900,000 of total unrecognized compensation expense related to unvested stock-based compensation arrangements granted, which cost is expected to be recognized over a weighted average period of 2.43 and 3.13 years, respectively. The aggregate intrinsic value of stock options

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Equity Incentive Plan – (continued)

outstanding and exercisable at December 31, 2016 and December 31, 2015 is approximately $544,000 and $1,382,000. The intrinsic value of stock options exercised during 2016 and 2015 was approximately $207,000 and $135,000, respectively.

At December 31, 2016, there were options to purchase 101,176 shares of Common Stock available for grant under the 2014 Plan.

10. Income Taxes

The components of loss before income taxes are as follows:

	Year Ended December 31,	
	2016	2015
Domestic	$(13,831,191)	$ (8,755,011)
Foreign	487,754	367,038
Total	$(13,343,437)	$ (8,387,973)

The difference between the effective rate reflected in the provision for income taxes on loss before taxes and the amounts determined by applying the applicable statutory U.S. tax rate are analyzed below:

	Year Ended December 31,	
	2016	2015
United States Federal Income Tax Rate	34.00%	34.00%
State taxes, Net of Federal Benefit	1.84%	6.27%
Permanent Differences	(2.47)%	(10.88)%
Change in Valuation Allowance	(35.02)%	(29.55)%
Expiration of State Net Operating Loss Carryforward	(0.00)%	(0.03)%
Research and Development Credits	2.95%	0.43%
Tax Rate Differential	0.13%	0.00%
Other	(1.43)%	(0.24)%
Effective Tax Rate	0.00%	0.00%

The Company's deferred tax assets and liabilities consist of the following:

	2016	2015
Net Deferred Tax Assets:		
Net Operating Loss Carryforwards	$ 18,146,381	$ 18,050,019
Research and Development Credit Carryforwards	1,640,669	1,226,384
Capitalized Research and Development	6,398,050	4,452,114
Nonqualified Stock Option	323,832	164,292
Warrants Issued for Services	—	587
Depreciation and Amortization	3,478	137
Start-up Costs/Organization Costs	—	17,959
Cash Versus Accrual Adjustments	4,387,806	2,179,356
Total Deferred Tax Assets	30,900,216	26,090,848
Valuation Allowance	(30,900,216)	(26,090,848)
Net Deferred Tax Asset	$ —	$ —

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Income Taxes – (continued)

	2016	2015
Net Deferred Tax Liability:		
Net Deferred Tax Liability	1,525,896	—
Net Deferred Tax Liability	$ 1,525,896	$ —

As of December 31, 2016, the Company has federal, and state net operating loss carryforwards of approximately $45,115,000, and $33,545,000, respectively, to offset future federal and state taxable income, which expire at various times through 2036. The Company has foreign net operating loss carryforwards of $3,363,000 as of December 31, 2016, which can be carried forward indefinitely. As of December 31, 2016, the Company also has federal, state and foreign research and development tax credit carryforwards of approximately $1,313,000, $459,000, and $25,000, respectively, to offset future income taxes, which expire at various times through 2036. The federal and state net operating loss and research tax credit carryforwards may be subject to the limitations provided in the Internal Revenue Code ("IRC") Sections 382 and 383. A portion of the federal net operating loss attributable to Jade is subject to a Section 382 limitation. Jade's carryover of its research and development credits will be subject to the Section 383 limitation.

The Company files United States federal income tax returns and income tax returns in the Commonwealth of Massachusetts and Utah, as well as foreign tax returns for its subsidiary in France. The Company is not under examination by any jurisdiction for any tax year.

The Company has recorded a valuation allowance against its United States deferred tax assets in each of the years ended December 31, 2016, and 2015 because the Company's management believes that it is more likely than not that these assets will not be realized. The valuation allowance increased by approximately $4,809,000 and $2,478,000 during the years ended December 31, 2016 and 2015, respectively, primarily as a result of adjustments for accrual to cash basis items and capitalized research and development expenses.

As of December 31, 2016 and 2015, the Company had no unrecognized tax benefits or related interest and penalties accrued. The Company will recognize interest and penalties related to tax positions in income tax expense. The Company has not, as yet, conducted a study of R&D credit carryforwards. This study may result in an adjustment to the Company's R&D credit carryforwards, however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position.

The net operating loss and tax credit carryforwards are subject to review by the Internal Revenue Service in accordance with the provisions of Section 382 of the Internal Revenue Code. Under this Internal Revenue Code section, substantial changes in the Company's ownership may limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset the Company's taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of the Company of more than 50% within a three-year period. Any such annual limitation may significantly reduce the utilization of the Company's net operating loss carryforwards before they expire. The closing of the Company's initial public offering, alone or together with transactions that have occurred or that may occur in the future, may trigger an ownership change pursuant to Section 382, which could limit the amount of research and development tax credit and net operating loss carryforwards that could be utilized annually in the future to offset the Company's taxable income, if any. Any such limitation as the result of the Company's additional sales of common stock by the Company could have a material adverse effect on the Company's results of operations in future years.

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Commitments and Contingencies

Leases

The Company is a party to a real property operating lease for the rental of office space in Waltham, Massachusetts of up to 4,516 square feet, that is used for its corporate headquarters. This lease terminates in December 2017. On July 6, 2016, the Company entered into a real property operating lease for office and laboratory space of approximately 2,300 square feet in Salt Lake City, Utah. This lease terminates in June 2019. *See* Note 13, "Acquisitions".

The Company is a party to two nominal equipment capital lease agreements, one for a three-year term and one for a two-year term, for the use of scientific instruments in its Salt Lake City laboratory.

License Agreements

The Company is a party to several license agreements. The Company is a licensee under one license agreement that grants to it the exclusive worldwide right to commercialize the technology related to its proprietary iontophoresis drug delivery system. The Company is a licensor to Valeant Pharmaceuticals, Incorporated ("Valeant"), granting to Valeant the exclusive worldwide rights to commercialize the EGP-437 Product to treat anterior uveitis, as described below. The Company is a licensee under an agreement relating to its EyeGate OBG product technology, granting to the Company the exclusive worldwide right to commercialize the locally-administered polymer-based product technologies for ophthalmic treatments in humans. Finally, the Company is a party to a license agreement that grants to it the exclusive worldwide right to commercialize certain Non-Anticoagulant Sulfated Hyaluronan Oligosaccharides ("NASH") technology. Three of the four license agreements require the Company to pay royalties to the licensor based on Revenue related to the licensed technology, and the agreement with Valeant requires Valeant to pay royalties to the Company based on revenue related to the licensed technology.

On February 15, 1999, the Company entered in to an exclusive worldwide license agreement with the University of Miami School of Medicine to license technology relating to the Company's EyeGate® II Delivery System. This agreement, which was amended in December 2005, requires the Company to pay to the University of Miami an annual license fee of $12,500. This license also requires payments to the University of Miami upon the Company's achievement of certain milestones. Unless terminated pursuant to the license agreement, this license will expire 12 years after the date of the first commercial sale of a product containing the licensed technology.

On July 23, 1999, the Company entered into a perpetual Transaction Protocol agreement with Francine Behar-Cohen to acknowledge the Company's right to use certain patents that Ms. Behar-Cohen had certain ownership rights with respect to and which are used in the Company's EGP-437 Combination Product. The agreement also provides for the Company to pay Ms. Behar-Cohen a fee based on a percentage of the pre-tax turnover generated from sales of the Company's EGP-437 Combination Product relating to its inclusion of the EyeGate® II Delivery System. The fees due under the agreement are required to be paid until January 2018.

On September 12, 2013, Jade entered into an agreement with BioTime, Inc. granting to it the exclusive worldwide right to commercialize cross-linked thiolated carboxymethyl hyaluronic acid ("CMHA-S") for ophthalmic treatments in humans. The agreement calls for a license issue fee paid to BioTime of $50,000, and requires the Company (through its Jade subsidiary) to pay royalties to BioTime based on revenue relating to any product incorporating the CMHA-S technology. The agreement expires when patent protection for the CMHA-S technology lapses.

On July 9, 2015, the Company entered into an exclusive worldwide licensing agreement with a subsidiary of Valeant through which EyeGate has granted Valeant exclusive, worldwide commercial and manufacturing rights to its EGP-437 Product in the field of anterior uveitis, as well as a right of last negotiation to license the EGP-437 Product for other indications. Under the agreement, Valeant paid the Company an upfront payment of $1.0 million. The Company is eligible to receive milestone payments totaling up to $32.5 million, upon and subject to the achievement of certain specified developmental and commercial milestones. In

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Commitments and Contingencies – (continued)

addition, the Company is eligible to receive royalties based on a specified percent of net sales of the Product throughout the world, subject to adjustment in certain circumstances.

On June 17, 2016, the Company entered into an exclusive worldwide license agreement with the University of Utah Research Foundation to further the commercial development of the NASH technology, together with alkylated HA. The agreement calls for payments due to the University of Utah, consisting of a license grant fee of $15,000 due within 30 days of signing, and an annual licensing fee, initially $5,000, and escalating ratably up to $20,000 in 2021.

12. Employee Benefit Plans

The Company has an employee benefit plan for its United States-based employees under Section 401(k) of the Internal Revenue Code. The Plan allows all eligible employees to make contributions up to a specified percentage of their compensation. Under the Plan, the Company may, but is not obligated to, match a portion of the employee contribution up to a defined maximum. The Company made no matching contribution for the years ended December 31, 2016 and 2015.

13. Acquisitions

Jade Therapeutics, Inc. Acquisition

Effective March 7, 2016, the Company acquired all of the capital stock of Jade, a privately-held company developing locally-administered, polymer-based products designed to treat ophthalmic indications. With the Jade Acquisition, Jade became a wholly-owned subsidiary of EyeGate. Under the terms of the Jade Acquisition agreement, in consideration for 100% of the outstanding equity interests in Jade, the Company repaid Jade liabilities of up to $300,000 and agreed to issue 765,728 shares of our Common Stock, 90% of which were issued at the closing, and 10% of which will be held back for 18 months (the "Holdback Shares") in order to satisfy post-closing adjustments or indemnification obligations. Subsequent to the Jade Acquisition, the Company satisfied an additional $232,457 of Jade obligations that arose prior to the acquisition. This amount exceeded the value of the Holdback Shares, and as a result the obligation to release the Holdback Shares was extinguished and the Holdback Shares were retired. The Jade Acquisition also includes a cash earn-out provision calling for an additional cash payment of $2,164,451, contingent upon a Jade product receiving FDA marketing approval. The cash earn-out was recorded as contingent consideration and fair valued at $1,210,000 at the acquisition date based on the probability of FDA approval of the three products in development. The fair value of the shares the Company agreed to issue in the Jade Acquisition was approximately $2.910 million, based on the closing price per share of our Common Stock as reported by NASDAQ Capital Market on the closing date of the acquisition, $3.80 per share. The adjusted value of the Holdback Shares was $205,207.

The following table summarizes the final purchase price allocation and the fair value of the net assets acquired and liabilities assumed in the Jade Acquisition at the date of acquisition:

	Jade
Current Assets[(1)]	$ 600,604
Intangible Asset (In-Process R&D)	3,912,314
Property, Plant and Equipment, Net	649
Goodwill	1,525,896
Accounts Payable and Other Liabilities	(393,801)
Deferred Tax Liability	(1,525,896)
Contingent Consideration (face value $2,164,451)	(1,210,000)
Total Purchase Price	$ 2,909,766

EYEGATE PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Acquisitions – (continued)

(1) Current Assets include cash, grants receivable and prepaid expenses of $0.186 million, $0.046 million and $0.369 million, respectively, related to the Jade Acquisition.

During the fourth quarter of 2016, the Company determined that $0.300 million in acquired liabilities had previously been paid, and thus adjusted in-process R&D and liabilities accordingly.

In connection with the Jade Acquisition, the Company recorded $1,525,896 as a deferred tax liability representing the income tax effect of the difference between the book and tax basis of the tangible and intangible assets acquired. The Company recorded a deferred tax liability on the ascribed value of the acquired intangible assets of $1,525,896, increasing the value of the asset reported as goodwill.

Net Loss in the Consolidated Statement of Operations for the year ended December 31, 2016 includes net losses of Jade from the date of acquisition to December 31, 2016 of $0.509 million. The Company's intangible asset, which consists solely of in-process R&D, will not be amortized until the underlying development program for the EyeGate OBG program is completed. Completion is generally considered to have occurred once regulatory approval is granted, and related intangible assets generally are accounted for as finite-lived intangible assets and amortized on a straight-line basis over their estimated useful life. The Company expects to amortize the in-process R&D over 3 years once it receives FDA approval to commercialize the EyeGate OBG.

Pro Forma Disclosure for Jade Acquisition

The following table includes the unaudited pro forma results for the year ended December 31, 2016 and 2015 of the combined companies as though the Jade Acquisition had been completed as of the beginning of the period presented.

	For the Year Ended December 31,	
	2016	2015
Revenues	$ 952,184	$ 477,956
Net Loss	(13,275,986)	(9,075,459)
Net Loss Attributable to Common Stockholders	(13,275,986)	(17,302,644)

The pro forma financial information is presented for information purposes only. The unaudited pro forma financial information may not necessarily reflect our future results of operations or what the results of operations would have been had we owned and operated Jade as of the beginning of the period presented.

14. Subsequent Events

On February 21, 2017, the Company entered into an exclusive, worldwide licensing agreement with a subsidiary of Valeant (the "New Valeant Agreement"), through which the Company granted Valeant exclusive, worldwide commercial and manufacturing rights to its EGP-437 Product in the field of ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients (the "New Field"). Under the New Valeant Agreement, Valeant paid the Company an initial upfront payment of $4.0 million, and the Company is eligible to receive milestone payments totaling up to approximately $99.0 million, upon and subject to the achievement of certain specified developmental and commercial progress of the EGP-437 Product for the New Field. In addition, the Company is eligible under the New Valeant Agreement to receive royalties based on a specified percent of net sales of its EGP-437 Product for the New Field throughout the world, subject to adjustment in certain circumstances.

On February 6, 2017, the Company granted 104,000 shares of restricted stock to employees of the Company, at a closing price on that day of $1.52 per share. The Company will record this as stock-based compensation expense in the first quarter of 2017.

On February 21, 2017, the Company authorized the Sales Agent to restart sales under the ATM Agreement for maximum aggregate gross proceeds of up to $3,285,798.

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SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 23, 2017

By: /s/ Stephen From
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Stephen From Stephen From	President, Chief Executive Officer and Director (principal executive officer)	February 23, 2017
/s/ Sarah Romano Sarah Romano	Interim Chief Financial Officer (principal financial and accounting officer)	February 23, 2017
/s/ Paul Chaney Paul Chaney	Chairman	February 23, 2017
/s/ Morton Goldberg Morton Goldberg	Director	February 23, 2017
/s/ Praveen Tyle Praveen Tyle	Director	February 23, 2017
/s/ Thomas Balland Thomas Balland	Director	February 23, 2017
/s/ Thomas E. Hancock Thomas E. Hancock	Director	February 23, 2017
/s/ Bernard Malfroy-Camine Bernard Malfroy-Camine	Director	February 23, 2017

EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report on Form 10-K. Where such filing is made by incorporation by reference to a previously filed document, such document is identified.

Exhibit Number	Description of Exhibit
2.1(1)	Stock Purchase Agreement, dated as of March 7, 2016, by and among the Registrant and the Sellers named therein.
3.1(2)	Restated Certificate of Incorporation of the Registrant.
3.2(2)	Amended and Restated By-laws of the Registrant.
3.3(8)	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock.
4.1(3)	Specimen Stock Certificate evidencing the shares of common stock.
4.2(8)	Form of Common Stock Purchase Warrant, dated June 30, 2016.
10.1(4)	2005 Equity Incentive Plan, as amended.
10.2(5)	2014 Equity Incentive Plan.
10.3(5)	Employee Stock Purchase Plan.
10.4†(4)	Transaction Protocol (License Agreement), by and between Optis B.V., Optis France SA, and Mrs. Francine Behar-Cohen, dated as of July 23, 1999.
10.5†(4)	Amended and Restated License Agreement, by and between University of Miami and EyeGate Pharma SA (f/k/a Optis France SA), dated as of December 16, 2005.
10.6†(4)	First Amendment to First Amended and Restated License Agreement of and between EyeGate Pharma SA and University of Miami, dated as of July 7, 2014.
10.7†(6)	License Agreement made as of July 9, 2015, by and among the Registrant, EyeGate Pharma S.A.S., a wholly owned subsidiary of the Registrant and Valeant Pharmaceuticals Luxembourg S.à r.l., a société à responsabilité limitée.
10.8(7)	Form of Warrant Agency Agreement, dated August 5, 2015, by and between the Registrant and VStock Transfer, LLC.
10.9(4)	Form of Indemnification Agreement.
10.10(4)	Form of Notice of Stock Option Grant pertaining to the 2014 Equity Incentive Plan.
10.11(4)	Form of Notice of Stock Unit Award pertaining to the 2014 Equity Incentive Plan.
10.12#(4)	Form of Amended and Restated Offer of Employment by and between the Registrant and Michael Manzo.
10.13#(13)	Second Amended and Restated Employment Agreement, dated February 25, 2016, by and between the Registrant and Stephen From.
10.14(8)	Form of Securities Purchase Agreement, dated as of June 27, 2016, by and among the Registrant and the Purchasers named therein.
10.15(8)	Engagement Letter, dated as of June 24, 2016, by and between the Registrant and Rodman & Renshaw, a unit of H.C. Wainwright & Co.
10.16(9)	At the Market Offering Agreement, dated as of May 24, 2016, by and between the Registrant and H.C. Wainwright & Co., LLC.
10.17(10)	Offer Letter, dated as of April 25, 2016, by and between the Registrant and Ryan Brenneman.
10.17(11)#	Separation Agreement, dated as of December 21, 2016, by and between the Registrant and Ryan Brenneman.
10.18(12)#	Offer Letter, dated as of February 1, 2017, by and between the Registrant and Sarah Romano.
10.19†*	License Agreement, dated February 21, 2017, by and among the Registrant, EyeGate Pharma S.A.S., a wholly owned subsidiary of the Registrant and Valeant Pharmaceuticals Ireland.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.

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Exhibit Number	Description of Exhibit
31.1**	Certification of principal executive officer pursuant to Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of principal financial and accounting officer pursuant to Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of principal financial and accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

(1) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed March 7, 2015) and incorporated by reference thereto.

(2) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed February 20, 2015) and incorporated by reference thereto.

(3) Previously filed as an exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 (filed August 29, 2014) and incorporated by reference thereto.

(4) Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (filed July 30, 2014) and incorporated by reference thereto.

(5) Previously filed as an exhibit to Amendment No. 7 to the Company's Registration Statement on Form S-1 (filed December 24, 2014) and incorporated by reference thereto.

(6) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed July 10, 2015) and incorporated by reference thereto.

(7) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed August 5, 2015) and incorporated by reference thereto.

(8) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed June 27, 2016) and incorporated by reference thereto.

(9) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed May 25, 2016) and incorporated by reference thereto.

(10) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed April 29, 2016) and incorporated by reference thereto.

(11) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed December 12, 2016) and incorporated by reference thereto.

(12) Previously filed as an exhibit to the Company's Current Report on Form 8-K (filed February 6, 2017) and incorporated by reference thereto.

(13) Previously filed as an exhibit to the Company's Annual Report on Form 10-K (filed March 30, 2016) and incorporated by reference thereto.

* Filed herewith.

** This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

† Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

Management contract or compensatory plan or arrangement.

Exhibit 10.19

Execution Copy

CONFIDENTIAL TREATMENT REQUESTED

The confidential portions of this exhibit have been delivered separately to the Securities and Exchange Commission pursuant to a confidential application for confidential treatment in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

REDACTED PORTIONS OF THIS EXHIBIT ARE MARKED BY AN [***].

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "**Agreement**"), is made as of February 21, 2017 (the "**Effective Date**"), by and among Eyegate Pharmaceuticals, Inc., a corporation organized under the laws of Delaware ("**Eyegate Pharmaceuticals**"), EyeGate Pharma S.A.S., a French corporation and wholly owned subsidiary of Eyegate Pharmaceuticals ("**EyeGate Pharma**" and, collectively with Eyegate Pharmaceuticals, "**Eyegate**") and Valeant Pharmaceuticals Ireland, a company duly formed and validly existing under the laws of the Republic of Ireland ("**Valeant**").

WHEREAS, Eyegate has developed the drug EGP-437 (together with any improvements or enhancements thereto, "**EGP-437**"), which incorporates a reformulated topically active corticosteroid, dexamethasone phosphate, for delivery into the ocular tissues through Eyegate's proprietary innovative drug delivery system, the EyeGate® II Delivery System (together with any improvements or enhancements thereto, the "**EyeGate® II Delivery System**," and, together with EGP-437 and any improvements or enhancements thereto, the "**Product**"); and

WHEREAS, Valeant desires to acquire (i) the exclusive right to Manufacture, sell, distribute, Commercialize and otherwise Exploit the Product in the Territory in the Field, (ii) the exclusive right to Develop the Product in the Territory in the Field, other than for the United States, and (iii) a non-exclusive license to Develop the Product in the Field for the United States, in each case under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, do agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. For purposes of this Agreement, the following terms, whether in the singular or the plural, shall have the meanings designated to them under this Article 1, unless otherwise specifically indicated:

(a) "**Act**" shall mean the Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder from time to time.

(b) "**Affiliate**" shall mean, as to any Person, any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For the purpose of this definition, "control", "controlled by" or "under common control with" means the possession of the power to direct or cause the direction of management and policies of such Person, whether through direct or indirect ownership of voting securities or otherwise.

(c) "**[***] Sales-Based Milestone Payment**" shall mean each of the following payments:

(i) a $[***] payment in respect of the first Calendar Year in which [***] in the Territory earned during such Calendar Year equal or exceed $[***]; and

(ii) a $[***] payment in respect of the first Calendar Year in which [***] in the Territory earned during such Calendar Year equal or exceed $[***]; and

For the avoidance of doubt, an [***] Sales-Based Milestone Payment with respect to a level of [***] shall be payable only once with respect to such level of [***] achieved solely during the applicable Calendar Year; *provided* that one or more additional [***] Sales-Based Milestone Payments may be payable in respect of a Calendar Year where more than one level of [***] triggering an [***] Sales-Based Milestone Payment is reached solely during such Calendar Year. Appendix D sets out an example with respect to the payment of [***] Sales-Based Milestone Payments.

(d) "**Applicable Laws**" shall mean all applicable federal, state, local or foreign laws, statutes or ordinances, common law, or any rules, regulations, standards, judgments, orders, writs, injunctions, decrees, arbitration awards and agency requirements, including without limitation the Act.

(e) "**Audited Party**" shall have the meaning set forth in Section 8.2(a).

(f) "**Auditing Party**" shall have the meaning set forth in Section 8.2(a).

(g) "**Authorized Generic**" shall mean the Product comprised of drug and device in released, finished form that is: (i) packaged and sold without the Product Trademark or a Valeant Trademark, (ii) Manufactured, sold, distributed or Commercialized pursuant to a Marketing Authorization with the consent of Valeant and (iii) intended to be dispensed as if the Product were a Generic Substitute.

(h) "**Business Day**" shall mean any day except Saturday, Sunday or any other day on which banks in the State of New York or Ireland are closed for business.

(i) "**Calendar Quarter**" shall mean the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31; *provided*, *however*, that (i) the first Calendar Quarter of the Term shall extend from the Effective Date until March 31, 2017; and (ii) the last Calendar Quarter of the Term shall end upon the termination of this Agreement.

(j) "**Calendar Year**" shall mean the respective periods of twelve (12) consecutive calendar months ending on December 31;*provided*, *however*, that (i) the first Calendar Year of the Term shall extend from the Effective Date until December 31, 2017; and (ii) the last Calendar Year of the Term shall end upon the termination of this Agreement.

(k) "**Collaboration Results**" shall mean all know-how (whether or not patentable) conceived or reduced to practice by or for either Party or any of its Affiliates in the course of performing the activities under this Agreement.

(l) "**Commercialize,**" "**Commercializing,**" "**Commercialization**" or "**Commercialized**" means all activities directed to the Promotion, selling or offering for sale of the Product, including planning, market research, pre-marketing activities, Promoting, importing, exporting, and distributing. For clarity, "Commercialization" shall not include any activities related to Manufacturing or Development of the Product.

(m) "**Commercially Reasonable Efforts**" shall mean the efforts and resources normally used by a Party for a pharmaceutical product of its own discovery with a similar market potential at a similar stage in its development or commercialization, taking into account the competitiveness of the marketplace, such Party's proprietary position with respect to such product, applicable regulatory circumstances, the profitability to such Party of such product, the likelihood of success of commercialization, and other relevant factors.

(n) "**Competitive Product**" shall mean [***].

(o) "**Confidential Information**" shall have the meaning set forth in Section 13.1.

(p) "**Contract**" shall mean any agreement, contract, license, lease, commitment, arrangement or understanding, written or oral, including any sales order and purchase order currently outstanding that is legally binding and enforceable against the parties thereto.

(q) "**Controlled**" shall mean possession by a Party of the right to grant to the other Party a license, sublicense or other right to use, of the scope provided for in this Agreement, under intangible or intellectual property rights (including patent rights, design rights, copyrights, know-how, trade secrets, data and rights to access or cross-reference regulatory filings) without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be first required hereunder to grant the other Party such license, sublicense or other right.

(r) "**Cover,**" "**Covered,**" and "**Covering**" shall mean, with respect to an invention, product, or process, in the absence of a license granted to a Valid Claim included in the applicable Patent, the Development, Manufacture, Commercialization or Exploitation of such invention, product, or process (as applicable) would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

*** Confidential Treatment Requested ***

(s) "**[***] Sales-Based Milestone Payment**" shall mean each of the following payments:

(i) a $[***] payment in respect of the first Calendar Year in which [***] in the Territory earned from the date of this Agreement equal or exceed $[***]; and

(ii) a $[***] payment in respect of the first Calendar Year in which [***] in the Territory earned from the date of this Agreement equal or exceed $[***].

For the avoidance of doubt, a [***] Sales-Based Milestone Payment with respect to a level of [***] shall be payable only once with respect to such level of [***]*provided* that one or more additional [***] Sales-Based Milestone Payments may be payable in respect of a Calendar Year where more than one level of [***] triggering a [***] Sales-Based Milestone Payment is reached. Appendix D sets out an example with respect to the payment of [***] Sales-Based Milestone Payments.

(t) "**Develop,**" "**Development,**" and "**Developing**" means those research and development activities, including research, pre-clinical and other non-clinical activities, test method development and stability testing, toxicology, formulation development, clinical trials, and regulatory activities that are necessary or useful to permit the marketing and sale of a product, including all research and other activities conducted to obtain any Marketing Authorizations. For clarity, "Development" shall not include any activities related to Manufacturing or Commercialization of a Product.

(u) "**Development Milestone**" shall have the meaning set forth in Section 7.1(b).

(v) "**Development Milestone Payment**" shall have the meaning set forth in Section 7.1(b).

(w) "**Disclosing Party**" shall have the meaning set forth in Section 13.1.

(x) "**Effective Date**" shall have the meaning set forth in the Preamble.

(y) "**EGP-437**" shall have the meaning set forth in the Recitals.

(z) "**Exploit**" or "**Exploitation**" means to import, export, use, sell, or offer for sale (and, for clarity, shall not include make or have made).

(aa) "**Eyegate**" shall have the meaning set forth in the Preamble.

(bb) "**EyeGate® II Delivery System**" shall have the meaning set forth in the Recitals.

*** Confidential Treatment Requested ***

(cc) "**Eyegate Patents**" shall have the meaning set forth in Section 1.1(iii).

(dd) "**EyeGate Pharma**" shall have the meaning set forth in the Preamble.

(ee) "**Eyegate Pharmaceuticals**" shall have the meaning set forth in the Preamble.

(ff) "**FDA**" shall mean the United States Food and Drug Administration, or any successor entity thereto.

(gg) "**Field**" shall mean the ocular iontophoretic treatment for post-operative ocular inflammation and pain in ocular surgery patients.

(hh) "**Force Majeure Event**" shall have the meaning set forth in Section 16.1.

(ii) "**GAAP**" shall mean U.S. generally accepting accounting principles.

(j j) "**Generic Substitute**" shall mean, with respect to any particular country in the Territory, the marketing and sale in such country of a Substitutable Product, which is marketed and sold without any trademark or under any trademark other than the Product Trademark or any Valeant Trademark.

(kk) "**Indemnitee**" shall have the meaning set forth in Section 15.3.

(ll) "**Indemnitor**" shall have the meaning set forth in Section 15.3.

(mm) "**Joint Inventions**" shall have the meaning set forth in Section 11.3.

(nn) "**Joint Patents**" means any Patents arising or resulting from Joint Inventions.

(oo) "**JSC**" shall have the meaning set forth in Section 3.1.

(pp) "**License Fees and Milestone Payments**" shall mean the payments to be made by Valeant pursuant to Sections 7.1 and 7.2.

(qq) "**Litigating Party**" shall have the meaning set forth in Section 11.7(g).

(rr) "**Losses**" shall have the meaning set forth in Section 15.1.

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(ss) "**Manufacturing,**" "**Manufacture**" or "**Manufactured**" means all activities related to the production, manufacture, processing, filling, finishing, packaging, labeling, and shipping and holding (prior to distribution) of the Product or any intermediate or component thereof, including process development, process qualification and validation, scale-up, commercial manufacture and analytic development, product characterization, stability testing, quality assurance and quality control. For clarity, "Manufacturing" shall not include any activities related to Commercialization or Development of a Product.

(tt) "**Marketing Authorization**" shall mean, with respect to any country, the regulatory authorization required to market and sell the Product for use in the Field in that country as granted by the relevant Regulatory Authority.

(uu) "**Members**" shall have the meaning set forth in Section 3.2(a).

(vv) "**Net Sales**" shall mean, for a particular period, in a particular country in the Territory, the gross amount invoiced by or on behalf of Valeant or its Affiliates or distributors for sale of the Product in the Field for such period in such country, less the following deductions [***]. To the extent any such deductions apply to the Product as well as any other products of Valeant or its Affiliates, such deductions shall be fairly and equitably allocated to the Product and such other products of Valeant or its Affiliates, such that the Product does not bear a disproportionate portion of such deductions. Any of the deductions listed above that involves payment by Valeant or its Affiliates or distributors shall be taken as a deduction in the Calendar Quarter in which the payment is accrued by such entity. To the extent accrued deductions are subsequently reduced or increased, adjustments will be made to that Calendar Quarter. The transfer of Product by Valeant to an Affiliate or a distributor will not be deemed a sale, except in the case of an Affiliate or distributor whose primary business is wholesale distribution of pharmaceutical products, in which case the per unit sales price of Product sold to such Affiliate or distributor shall be deemed to be the average sales price per unit of the Product sold by the applicable Party, its Affiliates or distributors to Third Parties in arm's length transactions during the Calendar Quarter in which the sale took place.

(ww) "**New York Court**" shall have the meaning set forth in Section 16.7(c).

(xx) "**Non-Field Rights**" shall have the meaning set forth in Section 2.4.

(yy) "**Non-Litigating Party**" shall have the meaning set forth in Section 11.7(g).

(zz) "**Party**" shall mean either Valeant or Eyegate.

(aaa) "**Patents**" shall mean patents and patent applications and all substitutions, divisions, continuations, continuations-in-part, any patent issued with respect to any such patent applications, any reissue, reexamination, utility models or designs, renewal or extension (including any supplementary protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all counterparts thereof in any country.

(bbb) "**Person**" shall mean any individual, corporation, partnership (whether general, limited or limited liability), association, joint venture, limited liability company, unlimited liability company, joint stock company, unincorporated organization, trust or other legal entity or organization, having legal personality, or the right to sue in its own name.

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(ccc) "**Product**" shall have the meaning set forth in the Recitals and for the sake of clarification shall mean a combination of products for use in the Field that are comprised of a drug (including EGP-437) and a device (including the Eyegate® II Delivery System), which shall include (i) the Authorized Generic of such Product, (ii) any improvements or enhancements to the Product, including such improvements or enhancements to its components, namely, EGP-437 and the Eyegate® II Delivery System resulting from the Development activities conducted by either party hereunder, and (iii) the components of such combination product, namely EGP-437 and the Eyegate® II Delivery System.

(ddd) "**Product Contracts**" shall have the meaning set forth in Section 9.2(k).

(eee) "**Product IP**" shall mean, collectively, the Product Know-How, the Product Patents, the Product Trademarks, the Marketing Authorizations and all other intellectual property rights of any nature whatsoever (including rights to patents, patent applications, supplementary protection certificates, registered designs, copyright, trademarks, know-how, confidential information and trade secrets, including the right to modify, transfer and license such rights) owned or licensed or otherwise Controlled by Eyegate or any of its Affiliates and that (i) is related to the Product or the Manufacture, sale, distribution or Commercialization of the Product or (ii) is necessary or useful to its Development, Manufacture, sale, distribution, Commercialization, Exploitation or other use, and, for greater certainty, shall include any such intellectual property rights arising or otherwise resulting from the Development activities conducted by or on behalf of Eyegate pursuant to the terms of this Agreement.

(fff) "**Product Know-How**" shall mean any information, know-how, trade secrets, inventions (whether patentable or not), data and result that is Controlled by Eyegate or any of its Affiliates on the Effective Date or at any time during the Term and that (i) is related to the Product or the Manufacture, sale, distribution or Commercialization of the Product or (ii) is necessary or useful to its Development, Manufacture, sale, distribution, Commercialization, Exploitation or other use and, for greater certainty, shall include any information, know-how, trade secrets, inventions (whether patentable or not), data and result arising or otherwise resulting from the Development activities conducted by or on behalf of Eyegate pursuant to the terms of this Agreement.

(ggg) "**Product Patents**" shall mean all United States and international Patents that at any time during the Term of this Agreement are owned by Eyegate or an Affiliate of Eyegate or to which Eyegate or an Affiliate of Eyegate has the right to grant licenses in the Field ("**Eyegate Patents**"), the claims of which may be infringed, absent a license, by the Manufacture, Commercialization, distribution, use, sale, offer for sale or importation of the Product in the Field, including, but not limited to, the Patents set out in Schedule 9.2(c) hereto, which may be updated from time to time to include further inventions related to the Product.

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(hhh) "**Prosecution and Maintenance**" or "**Prosecute and Maintain**" shall mean (i) with regard to a particular Product Patent, the preparation, filing, prosecution and maintenance of such Product Patent, as well as reexaminations, reissues, requests for patent term extensions and the like with respect to such Product Patent, together with the defense of oppositions, inter partes reviews and other similar proceedings with respect to such Product Patent, or (ii) with regard to a particular Product Trademark, the preparation, filing, prosecution, maintenance and renewal of such Product Trademark, together with the defense of oppositions and similar proceedings with respect to such Product Trademark.

(iii) "**Product Trademark**" shall mean the trademark "EYEGATE" including United States Patent and Trademark Office Trademark Registration No. 2,934,679, and any such names, trademarks, trade names, trade dress or logos used with respect to the Product during the Term of this Agreement and which are owned or licensed or otherwise Controlled by Eyegate or any of its Affiliates.

(jjj) "**Promote,**" "**Promotional,**" "**Promotion,**" "**Promoting**" and "**Promoted**" mean those activities normally undertaken by a company to encourage sales or appropriate use of the Product, including details, product sampling, detail aids, coupons, discount cards, journal advertising, direct mail programs, direct-to-consumer advertising, convention exhibits and other forms of marketing, advertising, public relations or promotion.

(kkk) "**Recalls**" shall have the meaning set forth in Section 12.4.

(lll) "**Receiving Party**" shall have the meaning set forth in Section 13.1.

(mmm) "**Recoverable Amounts**" shall have the meaning set forth in Section 11.7(e).

(nnn) "**Reduced Royalty**" shall have the meaning set forth in Section 7.4.

(ooo) "**Regulatory Authority(ies)**" shall mean any regulatory authority, agency, department, bureau, or other governmental entity, including the FDA and corresponding foreign authorities, which is responsible for issuing approvals, licenses, registrations, clearances, or authorizations necessary for the Development, registration, Manufacture, testing, formulation, assembly, packaging, labelling, use, receipt, shipment, storage, import, export, transport, Commercialization, Promotion, marketing, distribution or sale of the Product in a country.

(ppp) "**Regulatory Exclusivity**" shall mean any rights or protections which are recognized, afforded or granted by the FDA or any other Regulatory Authority in any country or region of the Territory, in association with the Marketing Authorization of the Product, providing the Product: (a) a period of marketing exclusivity, during which a Regulatory Authority recognizing, affording or granting such marketing exclusivity shall refrain from either reviewing or approving a marketing authorization application or similar regulatory submission, submitted by a Third Party seeking to market a Competitive Product, or (b) a period of data exclusivity, during which a Third Party seeking to market a Competitive Product is precluded from either referencing or relying upon, without an express right of reference from the dossier holder, the Product's clinical dossier or relying on previous Regulatory Authority findings of safety or effectiveness with respect to such Product to support the submission, review or approval of a marketing authorization application or similar regulatory submission before the applicable Regulatory Authority.

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(qqq) "**Right of Last Refusal**" shall have the meaning set forth in Section 2.4.

(rrr) "**Royalties**" shall have the meaning set forth in Section 7.3.

(sss) "**Sublicensee(s)**" shall mean a sub-licensee in respect of the rights and licenses granted hereunder, appointed in accordance with the terms and conditions of this Agreement.

(ttt) "**Substitutable Product**" shall mean a product comprised of a drug and device, wherein said drug with respect to which there has been made an authorized claim of A-rated therapeutically equivalent or otherwise therapeutically equivalent, as defined in the Orange Book, with respect to the United States, or the foreign equivalent thereof in the relevant country in the Territory (outside the United States), or similar determination of interchangeability with EGP-437, permitting the pharmacy to switch such product with EGP-437 for use in the Field together and in combination with an approved or cleared device that is substantially comparable to the EyeGate® II Delivery System, which determination has been made by the appropriate Regulatory Authority or by Applicable Laws, or other claim of substitutability with the Product for use in the Field in the relevant country in the Territory for the purpose of payor reimbursement, which has been established by a grant of the competent Regulatory Authority or by Applicable Laws.

(uuu) "**Term**" shall have the meaning set forth in Section 14.2.

(vvv) "**Territory**" shall mean the entire world.

(www) "**Third Party**" shall mean any Person other than Eyegate or Valeant or their respective Affiliates.

(xxx) "**Third Party Licenses**" shall have the meaning set forth in Section 11.7(e).

(yyy) "**Transaction Protocol**" shall mean that certain Transaction Protocol (License Agreement), by and between Optis B.V., Optis Franca SA (n/k/a EyeGate Pharma) and Mrs. Francine Behar-Cohen, dated as of July 23, 1999.

(zzz) "**United States**" or "**U.S.**" shall mean the United States of America and its territories and possessions, including the District of Columbia and Puerto Rico.

(aaaa) "**University of Miami License Agreement**" shall mean that certain Amended and Restated License Agreement, by and between University of Miami and EyeGate Pharma (f/k/a Optis France SA), dated as of December 16, 2005, as amended.

(bbbb) "**U.S. Development Plan**" shall have the meaning set forth in Section 4.3.

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(cccc) "**U.S. Marketing Authorization**" shall mean the New Drug application (NDA) for the Product that is a combination product of EGP-437 and the EyeGate® II Delivery System, together with any other Marketing Authorizations required to market and sell the Product in the Field in the United States.

(dddd) "**Uveitis License Agreement**" shall have the meaning set forth in Section 2.4.

(eeee) "**Valeant**" shall have the meaning set forth in the Preamble.

(ffff) "**Valeant Stock**" shall have the meaning set forth in Section 14.11(c).

(gggg) "**Valeant Trademark**" shall mean one or more trademarks owned or otherwise controlled by Valeant and used in connection with the Product.

(hhhh) "**Valid Claim**" shall mean (a) a claim of an issued and unexpired Patent that (i) has not been rejected, revoked or held to be invalid or unenforceable by a court or other authority of competent jurisdiction, from which no appeal can be taken or (ii) has not been finally abandoned, disclaimed or admitted to be invalid or unenforceable through reissue or disclaimer; or (b) a claim included in a pending patent application of a Patent that (i) has not been pending for more than five (5) years from the effective date of filing such Patent application or (ii) has not been finally determined to be unallowable by the applicable court or other authority of competent jurisdiction (from which no appeal is or can be taken).

(iiii) "**Western Europe**" shall mean the countries set out on Schedule 1.1(iiii) hereto.

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ARTICLE 2
LICENSE GRANT TO VALEANT; RESPONSIBILITIES

2.1 License Grant to Valeant. Subject to the terms and conditions of this Agreement, Eyegate hereby grants to Valeant and its Affiliates during the Term:

(a) an exclusive (even as to Eyegate and its Affiliates) license, including the right to grant sublicenses (in accordance with Section 2.3), under the Product IP for Valeant and its Affiliates to Manufacture, have Manufactured, use, sell, offer for sale, import, distribute, Commercialize and otherwise Exploit the Product in the Field in the Territory;

(b) an exclusive (even as to Eyegate and its Affiliates) license, including the right to grant sublicenses (in accordance with Section 2.3), under the Product IP for Valeant and its Affiliates to Develop the Product in the Field in the Territory outside the United States; and

(c) a sole license (being exclusive except as to Eyegate and its Affiliates), including the right to grant sublicenses (in accordance with Section 2.3), under the Product IP for Valeant and its Affiliates to Develop the Product in the Field in the United States,

and Valeant, on behalf of itself and its Affiliates, hereby accepts such rights and licenses to carry out such activities under the terms and conditions set forth in this Agreement.

2.2 Limited Scope. Notwithstanding the foregoing, Eyegate shall retain all rights to the Product as necessary to exercise its rights and perform its obligations to the extent expressly set forth in, and subject to, this Agreement. For the avoidance of doubt and without limiting any other rights retained by Eyegate hereunder, Eyegate retains all rights not expressly granted to Valeant under this Agreement, and the rights and obligations of the Parties under this Agreement shall be limited to only the Product and shall not include any rights or obligations with respect to any other product of Eyegate.

2.3 Sublicensing. Valeant shall have the right to grant sublicenses of the licenses granted pursuant to Section 2.1 to Third Parties. For clarity, granting a sublicense shall not relieve Valeant of any of its obligations hereunder. Each sublicense granted hereunder shall be subject to the terms of this Agreement.

2.4 Right of Last Refusal for Use Outside the Field. Subject to the rights set out in the License Agreement dated July 9, 2015 (as may be amended from time to time) between Valeant and Eyegate (the "**Uveitis License Agreement**"), Eyegate hereby grants Valeant a right of last refusal (the '**Right of Last Refusal**") to obtain rights to Manufacture, have Manufactured, use, sell, offer for sale, import, distribute, Commercialize and otherwise Exploit the Product outside the Field in the Territory (the "**Non-Field Rights**"), on the following terms (which such Right of Last Refusal shall be read in conjunction with the right of first refusal set out in the Uveitis License Agreement):

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(a) During the Term, Eyegate shall be free to do further research on the Product in all fields (subject to the limitations set forth in this Agreement with respect to the Field and subject to the limitations set forth in the Uveitis License Agreement) and enter into discussions with Third Parties for the Product outside the Field. Prior to entering into material discussions with any Third Party regarding a possible agreement for Non-Field Rights, Eyegate will provide written notice to Valeant. Valeant shall have [***] from such notification to provide written notice of its interest in negotiating for such rights and shall have [***] days from such notification to negotiate in good faith and enter into an agreement for such Non-Field Rights on mutually acceptable terms. In the event that Valeant provides notice of its interest in such Non-Field Rights and the Parties negotiate reasonably and in good faith, but the Parties are unable to agree upon mutually acceptable terms, then and only then, in the event that Eyegate or any of its Affiliates proposes to grant, sell, assign or otherwise transfer all or any portion of the same Non-Field Rights to a Third Party, Eyegate acknowledges and agrees that prior to entering into any binding agreement for the grant of the same Non-Field Rights with any Third Party, Eyegate will notify Valeant and provide to Valeant a copy of the fully negotiated final draft of such proposed agreement with such Third Party and offer to Valeant the opportunity to enter into an agreement with Eyegate (or any of its Affiliates) for substantially the same rights and on substantially the same or equivalent terms as set forth in such draft.

(b) Provided that Valeant has timely complied with all the terms set forth in Section 2.4(a), Valeant shall have [***] from the date Eyegate notifies Valeant of its intent to enter into any binding proposed agreement as set forth in Section 2.4(a), to provide Eyegate written notice of its decision with respect to the exercise of its Right of Last Refusal. If Valeant exercises its Right of Last Refusal within such [***] period, Valeant and Eyegate shall negotiate, in good faith and acting reasonably, enter into an agreement for substantially the same rights and on substantially the same or equivalent terms as set forth in the draft agreement provided to Valeant pursuant to the terms of Section 2.4(a). If and only if Valeant fails to exercise its Right of Last Refusal within such [***] period, Eyegate will be free to enter into such agreement with such Third Party; it being understood and acknowledged by Eyegate that any material modification of the terms of such proposed agreement with the Third Party after it had been declined by Valeant shall reinstate Eyegate's obligations under this Section 2.4. If Eyegate or any of its Affiliates fails to enter into such agreement with such Third Party within [***], Valeant's Right of Last Refusal shall be reinstated.

(c) Each subsequent time that Eyegate proposes to grant, sell assign, or otherwise transfer all or any portion of the Non-Field Rights to a Third Party, Valeant's Right of Last Refusal shall be reinstated and both Parties shall comply with the requirements set forth in Sections 2.4(a) and 2.4(b).

(d) For greater certainty, for the purposes of this Section 2.4, "Non-Field Rights" shall include the right to Manufacture, have Manufactured, use, sell, offer for sale, import, distribute, Commercialize and otherwise Exploit the Eyegate® II Delivery System alone or in conjunction with another drug or pharmaceutical product outside the Field in the Territory.

2.5 Competitive Products. [***], neither Party shall, nor shall it permit its Affiliates to, directly or indirectly (including by means of license), Develop, make or have made, promote, market, sell or distribute in the Territory any Competitive Product, except pursuant to the terms of this Agreement; *provided*, *however*, that, [***], then Valeant (and its then Affiliates) shall be permitted to continue to make or have made, promote, market, sell or distribute such Competitive Product in the Territory and such making or having made, promotion, marketing, sale or distribution shall not be considered a breach of the terms of this Section 2.5. Notwithstanding anything herein to the contrary, nothing shall prevent Valeant or its Affiliates from Developing, making or having made, promoting, marketing, selling or distributing an Authorized Generic in the Field in the Territory.

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2.6 Assistance of Eyegate. Valeant shall have the right from time to time during the Term to request the assistance of Eyegate in relation to technical services that assist Valeant in the Manufacturing of the Product, including the components of the Product, EGP-437 and the EyeGate® II Delivery System.

2.7 Limitations on Valeant's License. Notwithstanding the license granted to Valeant by Eyegate pursuant to Section 2.1 of this Agreement, subject to Section 2.4 and subject to the terms of and rights granted under the Uveitis License Agreement, Valeant hereby covenants and agrees not to promote, sell or distribute, anywhere in the Territory, without the prior written consent of Eyegate, any components of the Eyegate® II Delivery System other than for use in connection with EGP-437 in the Field.

ARTICLE 3
JOINT STEERING COMMITTEE

3.1 Joint Steering Committee. On or within thirty (30) days after the Effective Date, the Parties shall establish a Joint Steering Committee ("**JSC**") to serve as a forum for the discussion and exchange of information and coordination of activities between the Parties solely with respect to the Product. In particular, the JSC shall be responsible for:

(a) discussing and monitoring Development and Commercialization activities in relation to the Product, or to any improvement or further Development thereof that the Parties may agree to undertake subject to the terms and conditions of this Agreement, including discussing and coordinating clinical studies, including stability studies or other Development work required to obtain any Marketing Authorizations or for marketing purposes;

(b) facilitating the exchange of information between the Parties under this Agreement regarding the implementation of Development activities;

(c) discussing and reviewing sales forecasts, trademark usage, marketing strategies and plans to seek and obtain Marketing Authorizations;

(d) monitoring the progress and results of Valeant's Manufacturing, sale, distribution, Commercialization and Exploitation of the Product in the Field in the Territory;

(e) reviewing and discussing the strategy for obtaining, maintaining and enforcing Product IP protection for the Product in the Territory;

(f) resolving any disputes with respect to audits conducted by the Parties under this Agreement;

(g) approving the U.S. Development Plan; and

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(h) such other functions as may be mutually agreed upon by the Parties from time to time.

3.2 Membership and Governance of the JSC.

(a) The JSC shall be comprised of four (4) members (the "**Members**"), with Eyegate appointing two (2) Members and Valeant appointing two (2) Members as their respective representatives on the JSC. The some or all of the members of the JSC may be the same as the members of the joint steering committee under the Uveitis License Agreement. The initial Members of the JSC shall be notified by each Party to the other Party in writing on the Effective Date or as soon as reasonably possible thereafter.

(b) Each Party shall be entitled to remove any Member appointed by it and to appoint any person to fill the vacancy arising from the removal or retirement of such Member. Each Party shall give the other Party prior written notice of any changes in the identity of its Members. The Parties shall ensure that all of their appointed Members are of a suitable level of expertise, seniority and decision-making authority to deal with the issues that may arise in connection with matters to be considered by the JSC.

(c) The JSC shall exercise its authority in good faith and in accordance with the terms of this Agreement. The JSC shall have no authority to bind the Parties unless the Parties expressly delegate matters to the JSC or ratify the decision of the JSC.

(d) From time to time, the JSC may establish one or more subcommittees to oversee particular projects or activities related to this Agreement, and such subcommittees will be constituted as the JSC agrees. The Parties may replace their respective subcommittee representatives at any time, with prior written notice to the other Party. Any such subcommittee shall be run on the same basis as the JSC (i.e., including, without limitation, an agreed equal amount of representatives appointed by each Party) except that any issue within the purview of such a subcommittee that is not settled or determined by the applicable subcommittee shall be submitted to the JSC for resolution. The chairperson of each subcommittee shall report on subcommittee efforts at each JSC meeting, and either Party may invite its own representatives on such subcommittee to also report on such efforts.

3.3 Meetings of the JSC.

(a) At least twenty-one (21) days prior to each regularly scheduled meeting of the JSC, written notice shall be given to each Member by the Party convening the meeting and at least fourteen (14) days prior to each such meeting, each Party shall provide to the other all written information expected to be disclosed at such meeting. In addition, special meetings of the JSC may be called on such shorter notice period as may be agreed between the Parties.

(b) Valeant shall designate a Valeant Member as the chairperson of the JSC. The chairperson of the JSC shall set meeting agendas for the JSC, which shall include any matter that either Party requests to be included. Such agendas shall be circulated to all Members at least seven (7) business days prior to the date of the relevant meeting. The JSC chairperson shall be responsible for recording, preparing and (within ten (10) business days) issuing draft minutes of the JSC meetings, which draft minutes shall be reviewed, modified and approved in writing by the Members.

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(c) The JSC shall have its first meeting within forty-five (45) days after the Effective Date, and thereafter shall hold meetings at least semiannually or as frequently as otherwise agreed by the Parties, by telephone or video conference. In the event that the Parties agree to hold face-to-face meetings, the venue for the meeting of the JSC shall alternate between the U.S. headquarters of Eyegate and Valeant, unless the Parties mutually agree otherwise. Each Party shall bear its own costs for its Members to attend JSC meetings and, as applicable, for its obligations to host such meetings. If agreed to by both Parties, meetings of the JSC may be held jointly with meetings of the joint steering committee established under the Uveitis License Agreement.

3.4 Limited Purpose. The JSC shall have only the purpose as is specifically granted to it in this Article 3, and such powers shall be subject to the terms and conditions set forth herein. Each Party shall retain the rights, powers and discretion over the matters allocated to such Party herein, and no such rights, powers, or discretion shall be delegated to or vested in the JSC. The JSC shall not have the authority to: (i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party's compliance with the terms and conditions of under this Agreement; or (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement. Without limiting the foregoing, (a) Valeant will make the final determination with respect to the Manufacture, sale, distribution, Commercialization or Exploitation of the Product in the Field in the Territory and with respect to the Development of the Product in the Field in the Territory outside of the United States, and (b) Eyegate will make the final determination with respect to the Development of the Product in the Development Field for the United States (except as otherwise set forth herein). Notwithstanding the foregoing, following the approval of the U.S. Marketing Authorization, if Valeant conducts its own Development of the Product in the Field in the United States, Valeant will make the final determination with respect to such Development.

ARTICLE 4
DEVELOPMENT

4.1 Eyegate and Valeant Development Representatives. Promptly (and no later than thirty (30) days) after the Effective Date, each Party shall designate in writing a representative of such Party that shall have the responsibility of communicating with the other Party's personnel regarding Development of the Product in the Field for the United States under this Agreement (including the provision of such individual's name, job title, fax and phone number). Each Party may change such representative from time to time by written notice to the other Party containing the name and contact information for the new representative.

4.2 Eyegate's Obligation to Develop the Product. Eyegate shall use Commercially Reasonable Efforts to (i) Develop the Product in the Field for the United States, and (ii) obtain the Marketing Authorizations in the Field in the United States, including the U.S. Marketing Authorization.

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4.3 U.S. Development Plan. The Development activities with respect to the Product in the Field for the United States conducted in connection with this Agreement shall occur pursuant to a Development plan proposed by Eyegate and agreed upon by the JSC (the "**U.S. Development Plan**"). Eyegate shall propose the initial U.S. Development Plan to the JSC within sixty (60) days after the Effective Date, and the JSC shall discuss any amendments thereto and approve the initial U.S. Development Plan within ninety (90) days after the Effective Date. Prior to submission to the JSC, Eyegate shall provide a draft of the U.S. Development Plan for Valeant's review and comment and Eyegate shall use good faith efforts to include Valeant's comments in such U.S. Development Plan. On at least an annual basis, Eyegate shall review, update and decide whether to amend the then-current U.S. Development Plan to reflect any changes, reprioritizations of, or additions thereto. Any changes to the U.S. Development Plan shall require approval by the JSC and once approved by the JSC, such updated or amended U.S. Development Plan shall become effective and supersede the prior U.S. Development Plan. The U.S. Development Plan shall include:

(a) a reasonably detailed written plan of Development activities in the Field for the United States for the period of time during which Development activities will be conducted, including any related target timelines;

(b) plans and timelines for preparing any and all materials that are necessary for any required or useful approvals or authorizations to Commercialize the Product in the Field for the United States, including the U.S. Marketing Authorization; and

(c) a detailed budget, setting forth the level of spending with respect to the Development activities in the Field for the United States for the period of time during which Development activities will be conducted.

In addition, Valeant shall have the right to review and approval (such approval not to be unreasonably withheld) any and all protocols, Phase 3 clinical plans and regulatory plans prepared by Eyegate, as well as any other Development or regulatory document that may reasonably impact the commercial viability of the Product.

4.4 Updates on Product Development Progress. At least once every Calendar Quarter, both Parties shall provide each other with a summary of the activities conducted during the preceding Calendar Quarter with respect to the Development of the Product. In addition, at least once per year, Eyegate shall prepare and provide a copy of a detailed report describing the progress made in implementing the U.S. Development Plan. Each report shall include with respect to the applicable one (1) year period a description of the Development activities conducted both within and outside the United States with respect to the Product, as well as any proposed amendments or revisions to any development plan. Both Parties shall also provide each other with regular telephonic updates on the progress made in implementing the development plans and other information as may be reasonably requested.

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4.5 Development Costs.

(a) Eyegate shall be responsible for one hundred percent (100%) of all Development costs incurred by or on behalf of Eyegate or any of its Affiliates with respect to any Development of the Product (i) in the Field for the United States, and (ii) subject to the terms of the Uveitis License Agreement, outside of the Field. To the extent the applicable Regulatory Authority requires a post-marketing study or some other post-approval Development work in connection with the grant of a Marketing Authorization in the United States, the Parties shall meet to negotiate a development plan for such additional studies and shall agree to split the costs associated with such Development work.

(b) Valeant shall be responsible for one hundred percent (100%) of all Development costs with respect to any Development of the Product in the Field for countries other than the United States.

(c) Within thirty (30) days of the end of each Calendar Quarter, Eyegate will submit to Valeant a report detailing Eyegate's and its Affiliates' Development costs incurred during such Calendar Quarter for the Development of the Product in the Field for the United States, including copies of invoices and any other supporting evidence necessary to substantiate such Development costs.

4.6 Development Records. Eyegate shall maintain current and accurate records of all work conducted by it under the U.S. Development Plan and all data, know-how and other results invented in connection with, generated by or that results from the conduct of such Development activities (which records shall include, as applicable, books, records, reports, research notes, charts, graphs, comments, computations, analyses, recordings, photographs, computer programs and documentation thereof (e.g., samples of materials and other graphic or written data generated in connection with the Development activities)). Such records shall properly reflect all work done and results achieved in the performance of the Development activities in sufficient detail and in good scientific manner appropriate for regulatory and patent purposes. All such records shall be retained by Eyegate until the later of (a) three (3) years after the end of the Calendar Year in respect of which payment such work is conducted and (b) the period of time required by Applicable Law.

4.7 Valeant's Development Rights and Obligations.

(a) Valeant and its Affiliates shall have the exclusive (even as to Eyegate and its Affiliates) right to Develop the Product in the Field for countries outside of the United States, , in accordance with the terms of this Agreement, and Valeant shall be responsible for all costs associated with such Development; provided that Valeant and/or its Affiliates must provide Eyegate with prior written notice prior to commencing the Development of the Product in the Field in each country or territory outside of the United States. Following the receipt of the U.S. Marketing Authorization, Valeant and its Affiliates shall also have the right to Develop the Product in the Field for the United States and Valeant shall be responsible for its own costs of any such Development.

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ARTICLE 5
COMMERCIALIZATION AND MANUFACTURING

5.1 Commercialization Generally. Valeant and its Affiliates shall have the exclusive (even as to Eyegate and its Affiliates) right to Commercialize the Product in the Field in the Territory and to establish the strategy, including the price and sales strategy, for the Commercialization of the Product in the Field in the Territory. Valeant and its Affiliates shall be responsible for establishing and approving (in its sole discretion) the form, content and terms and conditions of contracts and other arrangements regarding the sale of the Product in the Field in the Territory, including contracts with wholesalers, other distributors, and retailers (as applicable). Notwithstanding anything herein to the contrary, Valeant shall be solely responsible for determining the prices of the Product in the Field in the Territory.

5.2 Reimbursement for Medical Procedures. Before submitting any request, application or information to a governmental entity for the purpose of obtaining, maintaining or changing a Healthcare Common Procedure Coding System (HCPCS) code (J-Code) or Current Procedural Terminology (CPT) code for the Product or for the medical procedures involving the Product, Valeant shall submit such proposed request, application or information to Eyegate for prior written approval, which approval shall not be unreasonably withheld or delayed. Valeant shall not make any material changes to such request, application or information after it has been approved by Eyegate without the prior written consent of Eyegate, except to the extent such changes are required by applicable laws or regulations. Valeant shall promptly notify Eyegate of all changes made to any such request, application or information that has been previously approved by Eyegate and shall consult with Eyegate with respect to any changes required by applicable laws or regulations.

5.3 Promotion Rights and Responsibilities. Notwithstanding anything herein to the contrary, during the Term, subject to, and in accordance with, the terms and conditions of this Agreement, Valeant and its Affiliates shall have the exclusive right to Promote the Product under the Product Trademarks or the Valeant Trademarks throughout the Territory in the Field; *provided* that, notwithstanding this exclusive right, during the Term of this Agreement, Eyegate shall have the non-exclusive right, at its own expense, to publish journal articles and make presentations relating to or mentioning the Product in the Field with the prior written consent of Valeant, such consent not to be unreasonably withheld, *provided* that Valeant is provided with a copy of such journal articles and presentations a reasonable amount of time in advance of such publication or presentation and Eyegate uses good faith efforts to include in such articles or presentations the comments of Valeant thereon. For the sake of clarity but subject to the terms of the Uveitis License Agreement, Eyegate shall be free to publish journal articles and make presentations concerning Eyegate's technology relating to iontophoresis or any products outside the Field without the need of Valeant's consent.

5.4 Manufacturing Rights.

(a) Valeant shall have the exclusive right to Manufacture or have Manufactured the Product (including its components) for use in the Field in the Territory and for establishing the strategy for the Manufacture of the Product, including as to whether to Manufacture the Product (and its components) through its Affiliates or Third Parties and to select any such Third Party manufacturers and suppliers. Valeant and its Affiliates shall be responsible for establishing and approving (in its sole discretion) the form, content and terms and conditions of contracts and other arrangements regarding the Manufacture of the Product in the Field in the Territory, including contracts with Third Party suppliers of the Product or components of the Product and Third Party packagers. On request by Valeant, Eyegate shall facilitate introductions with its Third Party suppliers and manufacturers of the Product and its components to enable Valeant to purchase Product directly from such third party suppliers.

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(b) In the event that Valeant is manufacturing the Product, either itself or through an Affiliate or Third Party, and Eyegate wishes to obtain supply of Product from such source, whether for Development purposes or for use outside of the Field, the Parties shall meet to discuss the appropriate strategy of providing supply of Product to Eyegate, which may include (i) if Valeant or its Affiliate is manufacturing the Product, the good faith negotiation of a supply agreement, on mutually agreeable terms (including provisions relating to priority of supply in supply shortage situations), pursuant to which Valeant or its Affiliates supplies Product to Eyegate at a purchase price of [***] or some other mutually agreeable purchase price, or (ii) if Valeant (or its Affiliate) obtains supply of Product from a Third Party manufacturer, (A) the negotiation of a supply agreement between Valeant (or its Affiliate) and Eyegate, pursuant to which Valeant (or it Affiliate) supplies Product to Eyegate on the same terms as Valeant (or its Affiliate) receives supply from the Third Party manufacturer, with such mutually agreeable adjustments as may be agreed to between the Parties (including with respect to purchase price and priority in supply shortage situations), (B) facilitation of introductions to such Third Party manufacturer for the purposes of permitting Eyegate to obtain direct supply from such manufacturer, or (C) the assignment to Eyegate of the supply arrangements with such Third Party manufacturer and the concurrent negotiation of a supply agreement between Eyegate and Valeant (or its Affiliate) pursuant to which Eyegate supplies Product to Valeant (or its Affiliates) on the same terms as Eyegate receives supply from the Third Party manufacturer, with such mutually agreeable adjustments as may be agreed to between the Parties (including with respect to purchase price and priority in supply shortage situations). If both Parties act reasonably and in good faith in determining an appropriate supply strategy and, if agreed, in negotiating a supply agreement between the Parties, the obligations of the Parties under this Section 5.4(b) shall have been satisfied.

ARTICLE 6
REGULATORY

6.1 Marketing Authorizations.

(a) United States. Eyegate shall use Commercially Reasonable Efforts to seek and obtain the U.S. Marketing Authorization for the Product in the Field, with Valeant's assistance, support and cooperation; *provided*, *however*, that, except as set forth in Section 4.7, Eyegate shall be responsible for one hundred percent (100%) of all costs with respect to seeking and obtaining such U.S. Marketing Authorization. Valeant and Eyegate shall mutually agree on a strategy and plan to obtain the U.S. Marketing Authorization. Upon obtaining such U.S. Marketing Authorization for the Product, Eyegate shall, as promptly as practicable, transfer such U.S. Marketing Authorization, together with the regulatory dossier associated with such U.S. Marketing Authorization, to Valeant (or its designee), at Valeant's cost and with Valeant's assistance, support and cooperation. Upon the transfer of such U.S. Marketing Authorization and its regulatory dossier, Eyegate shall retain a right of reference to such U.S. Marketing Authorization and its regulatory dossier for the purposes of the products outside of the Field. Following such transfer, during the Term of this Agreement, Valeant shall maintain such U.S. Marketing Authorization, at Valeant's cost. If Valeant fails to maintain such U.S. Marketing Authorization for the Product or makes the decision to no longer maintain such U.S. Marketing Authorization, on Eyegate's request, Valeant shall promptly transfer such U.S. Marketing Authorization to Eyegate (or its designee), at Eyegate's cost.

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(b) Outside the United States. Valeant shall have the exclusive right to seek, obtain and maintain Marketing Authorizations for the Product in the Field in the Territory outside of the United States, at its own cost and in its sole discretion, provided that Valeant and/or its Affiliates must provide Eyegate with prior written notice prior to applying for any Marketing Authorizations for the Product in the Field in any country or territory outside of the United States. Following the transfer of the U.S. Marketing Authorization, Valeant shall also have the right to seek, obtain and maintain Marketing Authorizations for the Product in the Field in the Territory for the United States.

(c) Notwithstanding anything herein to the contrary, Eyegate shall not, and shall not permit its Affiliates or representatives, to seek, apply for or obtain either a Premarket Approval (PMA), a Premarket Notification 510(k) or a CE mark for the EyeGate® II Delivery System alone (i.e., on a stand-alone basis), unless either (i) such PMA, Premarket Notification 510(k) or CE mark is applied for in conjunction with a drug product or (ii) Valeant has given its prior written consent (which may be withheld in its sole discretion).

6.2 Communications with Regulatory Authorities.

(a) United States. As between the Parties, subject to the terms of this Section 6.2(a), in connection with seeking and obtaining the Marketing Authorizations for the Product in the Field for the United States, Eyegate shall have the sole responsibility and authority to communicate with any applicable Regulatory Authorities prior to obtaining such Marketing Authorizations. Without limiting the provisions of this Article 6, Eyegate shall promptly provide Valeant with copies of all written and electronic communications received by Eyegate or its Affiliates from, or forwarded by Eyegate or its Affiliates to, any applicable Regulatory Authorities with respect to obtaining such Marketing Authorizations for the Product in the Field in the United States. With respect to such written and electronic communications forwarded by Eyegate or its Affiliates to any Regulatory Authorities, prior to submission to the applicable Regulatory Authority, Eyegate shall provide Valeant with copies thereof so that Valeant may review and comment on such communications and have a reasonable opportunity to influence the substance of such submissions. Eyegate agrees to consider all such comments in good faith, taking into account the best interest of the Development of the Product in the Field on a global basis. Following the transfer to Valeant (or its designee) of a Marketing Authorization for the Product in the Field in the United States, Valeant shall have the sole responsibility and authority to communicate with any applicable Regulatory Authorities in the United States in connection with the Product in the Field in the United States or the Marketing Authorizations for the United States. Following the transfer of the Marketing Authorization, Valeant shall consult with Eyegate with respect to, or provide Eyegate a right of review of or copies of, any correspondence with such Regulatory Authorities regarding the Marketing Authorizations in the United States.

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(b) Outside the United States. Valeant shall have the sole responsibility and authority to communicate with any applicable Regulatory Authorities outside the United States in connection with the Product in the Field outside of the United States or the Marketing Authorizations for countries outside the United States, including with respect to the application for such Marketing Authorizations. Valeant shall provide Eyegate a right of review of or copies of, any correspondence with such Regulatory Authorities regarding the Marketing Authorizations outside of the United States.

(c) General. During the Term of this Agreement, each Party shall send the other Party, promptly upon receipt, copies of any correspondence or other materials received by such Party from a Regulatory Authority relating to the Product in the Territory. In addition, during the Term of this Agreement, each Party shall send the other Party, promptly upon submission, copies of any correspondence, submissions or filings made by such Party to a Regulatory Authority relating to the Product in the Territory. Promptly upon receipt of notification from the Regulatory Authority, a Party shall notify the other Party of any audit or inspection being conducted by a Regulatory Authority respecting or relating to the Product. If permitted by Applicable Law, the other Party shall be entitled to attend on such audit or inspection. Following such inspection or audit, the Party shall provide the other Party, promptly upon receipt, a copy of any report, findings or other results received from such Regulatory Authority with respect to such audit or inspection.

ARTICLE 7
COMPENSATION FOR PRODUCT

7.1 License Fees and Milestone Payments Related to Signing and Development and Regulatory Milestones. In consideration for the license granted to Valeant and its Affiliates hereunder, and in addition to any other payments provided for in this Agreement, Valeant shall pay to Eyegate Pharmaceuticals the following non-refundable and non-deductible license fees and milestone payments:

(a) an initial license fee in the amount of four million dollars ($4,000,000), due and payable on the Effective Date;

(b) milestone payments in the aggregate amount of up to [***] ([***]) (each a "**Development Milestone Payment**"), payable upon the achievement by Eyegate of the milestone events as specified in Appendix B to this Agreement (each, a "**Development Milestone**"); and

(c) a milestone payment in the amount of [***] ([***]), due and payable within fifteen (15) calendar days after [***].

7.2 Milestone Payments Related to Sales Milestones. In consideration for the license granted to Valeant and its Affiliates hereunder, and in addition to any other payments provided for in this Agreement, not later than [***], Valeant shall provide to Eyegate Pharmaceuticals a report setting out [***] and Valeant shall pay to Eyegate Pharmaceuticals any [***] Sales-Based Milestone Payments or [***] Sales-Based Milestone Payments payable with respect to such Calendar Year not later than [***]. Following the payment by Valeant of both Sales-Based Milestone Payments and both [***] Sales-Based Milestone Payments, Valeant's obligation under this Section 7.2 to provide annual reports to Eyegate shall cease.

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7.3 Royalties. In consideration for the license granted to Valeant and its Affiliates hereunder, for each [***] during the Term, not later than [***] in the Term, Valeant shall provide to Eyegate Pharmaceuticals a report setting out [***] and a calculation of the royalties payable hereunder (the "**Royalties**") for such [***], in each case, on a country by country basis for each country in the Territory in which the Product is sold and for which Royalties are payable. Valeant shall pay to Eyegate Pharmaceuticals Royalties as follows: (i) for the first [***] ([***]) in [***] of the Product in the Territory in the Field, an amount equal to [***] ([***]) of such [***] of the Product in the Field in the Territory and (ii) for [***] of the Product in the Territory in the Field exceeding [***] ([***]), an amount equal to [***] of the Product in the Field in the Territory. Royalties payable with respect to a [***] shall be payable by Valeant not later than [***]. The Royalties payable pursuant to this Section 7.3 shall be subject to reduction as set forth in Section 7.4.

7.4 Reduction in Royalty Rate. Notwithstanding Section 7.3, on a country-by country basis, the Royalties payable pursuant to Section 7.3 shall be reduced to [***] from and after the date on which (a) [***] or (b) [***]; *provided*, *however*, that in the case of clause (a), such Royalties shall only be reduced to [***] in such country if (i) [***] ("**Reduced Royalty**"), (ii) [***] and (iii) [***];*provided further* that, once the condition in either clause (i) or (ii) ceases to be satisfied, the Royalty shall be further reduced to [***] for such country. Once a Royalty payable in a country has been reduced pursuant to this Section 7.4, such Royalty shall not be subsequently increased, even if the conditions in clauses (a) and (b) in the immediately preceding sentence cease to be applicable in such country; *provided* that, in the event that, subsequent to such Royalty reduction, either (x) [***], (y) [***], or (z) [***], then, following receipt by Valeant of written notice from Eyegate of the existence of such condition, the Royalty shall be reverted back to the applicable level (pursuant to the terms of Sections 7.3 and 7.4), until such time as the conditions in (x), (y) or (z) cease to be satisfied, at which time the Royalty shall be reduced to the prior level. Following the reduction of the Royalty to [***] in any country in the Territory, Valeant's obligation under Section 7.3 to provide [***] Royalty reports to Eyegate shall cease with respect to such country. In addition, following the reduction of the Royalty in a country pursuant to this Section 7.4 (whether to [***] or [***]), such Net Sales in such country shall not be counted in determining the aggregate annual Net Sales under Section 7.3 for the purposes of determining whether the amount of the Royalty payable shall be [***] or [***].

7.5 Payments. All payments to be made pursuant to this Article 7 shall be made in U.S. dollars by wire transfer no later than the applicable payment due date. Such payments shall be made to the designated account of Eyegate Pharmaceuticals in accordance with wiring instructions to be provided. Payments are to be wired to the account specified in Appendix A to this Agreement, which may be changed by Eyegate Pharmaceuticals from time to time by written notice to Valeant. Any payments due under this Agreement which are not paid by the date such payments are due under this Agreement shall bear interest to the extent permitted by applicable law at the lower of (i) [***], or (ii) the maximum rate permitted by law; in each case calculated on the number of days such payment is delinquent.

7.6 Conversion of Foreign Currencies. To the extent that Net Sales are accrued in currencies other than United States dollars, such Net Sales shall be converted to United States dollars using the applicable monthly exchange rate for converting such local currency to Unites States dollars in accordance with Valeant's worldwide accounting systems and policies.

7.7 Collection Actions. In the event of any legal action to collect unpaid amounts due under this Article 7, the losing Party shall be reimburse the winning Party for all attorneys' fees and reasonable costs incurred in such action.

7.8 Taxes. Valeant may withhold the appropriate tax from any payment to be made to Eyegate Pharmaceuticals under this Agreement provided that such withholding is required by Applicable Laws and Valeant submits the amounts withheld to the applicable tax authorities. In such event, Valeant shall furnish Eyegate Pharmaceuticals with proof of payment of such tax together with official or other appropriate evidence issued by the applicable government authority. The Parties will cooperate to enable payments under this Agreement to be exempt from withholding tax, or to be paid subject to the reduced rate of withholding tax provided by an applicable double tax treaty in force at the relevant time. Without limiting the foregoing, the Parties agree to cooperate and produce on a timely basis complete and accurate tax forms or reports, including, but not limited to, an IRS Form W-8BEN or W-8ECI, an IRS Form W-9, and/or a certificate of residency, as applicable, reasonably requested by the other Party in connection with any payment under this Agreement. Each Party further agrees to provide reasonable cooperation to the other Party, at the other Party's expense, in connection with any official or unofficial tax audit or contest relating to payments made under this Agreement. All sums payable under this Agreement are exclusive of value added tax or other similar applicable taxes or duties which shall be payable by the paying Party at the appropriate rate prescribed by law from time to time.

ARTICLE 8
RECORDKEEPING; AUDITS

8.1 Records. Valeant shall maintain complete and accurate records in reasonably sufficient detail of Net Sales, License Fees, Development Milestone Payments, [***] Sales-Based Milestone Payments, [***] Sales-Based Milestones Payments and the Royalties and all other amounts due from it to Eyegate under this Agreement, for a period of at least two (2) years after the end of the Calendar Year in respect of which payment is to be made hereunder, and during the Term of this Agreement, Valeant shall maintain accurate data collection and reporting systems for the foregoing. Eyegate shall maintain, for a period of at least two (2) years after the end of the Calendar Year in respect of which payment is to be made hereunder, complete and accurate records in reasonably sufficient detail of all proceeds received by Eyegate and its Affiliates in respect of the Product and all Development costs incurred pursuant to the terms of this Agreement, and during the Term of this Agreement, Eyegate shall maintain accurate data collection and reporting systems for the foregoing.

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8.2 Audits.

(a) During the Term and for a period of two (2) years thereafter, upon the reasonable request of a Party hereunder (the "**Auditing Party**") and no more than once per year during the Term, the Auditing Party shall have the right to engage an independent, certified public accountant(s), reasonably acceptable to the other Party (the "**Audited Party**"), to perform an audit of the Audited Party's books and records and those of its Affiliates for the preceding two (2) year period as may be necessary to confirm any amounts paid or payable under this Agreement for such period.

(b) Such audits shall be conducted during normal business hours upon reasonable prior written notice from the Auditing Party in such a manner as to not unnecessarily interfere with the Audited Party's or its Affiliate's normal business activities. The accountants shall report its conclusions and calculation to both Parties; *provided*, *however*, that in no event shall the accountants disclose information except to the extent necessary to verify the accuracy of the payments due under this Agreement, and at the request of either Party such accountants shall execute appropriate non-disclosure agreements with such Party.

(c) If an audit hereunder reveals an underpayment by Valeant to Eyegate, Valeant shall promptly make up such underpayment If an audit hereunder reveals an overpayment by Valeant to Eyegate, Eyegate shall promptly refund Valeant for the amount of such overpayment. The Auditing Party shall bear the full cost of such audit under this Section 8.2, unless such audit, in the case of an audit initiated by Eyegate, discloses an underpayment to Eyegate of License Fees, Development Milestone Payments, [***] Sales-Based Milestone Payments, [***] Sales-Based Milestones Payments or Royalties of more than [***] of the amount owed during the period being audited, in which case Valeant shall bear the full cost of such audit, and, in the case of an audit initiated by Valeant, discloses an overpayment by Valeant of more than [***] of the amount owed during the period being audited, in which case Eyegate shall bear the full cost of such audit.

8.3 Payments. All payments to be made pursuant to this Article 8 shall be made by wire transfer in U.S. dollars no later than the applicable payment due date. Such payments shall be made to the designated account of Eyegate or Valeant, as the case may be, in accordance with wiring instructions to be provided.

ARTICLE 9
REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1 Representations, Warranties and Covenants of Valeant. Valeant represents, warrants and covenants to Eyegate as follows:

(a) (i) Valeant is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated; and (ii) that Valeant has the requisite legal and company authority to enter into this Agreement and that it is not bound by any other agreement, obligation or restriction, and shall not assume any other obligation or restriction or enter into any other agreement, which would interfere in any material respect or conflict with its obligations under this Agreement.

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(b) Valeant is, and covenants that it shall continue to be, in compliance with all requirements of Applicable Laws relevant to its obligations and activities as set forth in this Agreement.

(c) Assuming the due authorization, execution and delivery by Eyegate, this Agreement is a legally valid and binding obligation of Valeant, enforceable against Valeant in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court or other tribunal before which any proceeding may be brought).

9.2 Representations, Warranties and Covenants of Eyegate. Eyegate Pharmaceuticals and EyeGate Pharma each represent, warrant and covenant to Valeant, as follows:

(a) (i) Each of Eyegate Pharmaceuticals and EyeGate Pharma is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized; and (ii) each of Eyegate Pharmaceuticals and EyeGate Pharma has the requisite legal and company authority to enter into this Agreement and that it is not bound by any other agreement, obligation or restriction, and shall not assume any other obligation or restriction or enter into any other agreement, which would interfere in any material respect or conflict with its obligations under this Agreement.

(b) Eyegate owns or Controls intellectual property rights pertaining to the Product, Product Know-How and other Product IP, necessary to grant the license to Valeant and its Affiliates hereunder and to perform its obligations hereunder. Eyegate has not received any written notice from any Third Party which expressly alleges that the use or sale of the Product would infringe, misappropriate or otherwise violate a composition of matter or method of use claim of an issued U.S., European or other Patent of such Third Party or any other intellectual property rights of a Third Party and the Manufacture, Commercialization, Development, Exploitation, use or sale of the Product will not infringe, misappropriate or otherwise violate a composition of matter or method of use claim of an issued U.S., European or other Patent of such Third Party or any other intellectual property rights of a Third Party. There are no pending, or to the best of Eyegate's knowledge, threatened interferences and oppositions with respect to the Product Patents, and there is no pending, or to the best of Eyegate's knowledge, threatened litigation challenging the validity or enforceability of the Product Patents. The Product Patents are, or upon issuance will be, valid and enforceable. To the best of Eyegate's knowledge, no Third Party is infringing or misappropriating the Product Patents, Product Know-How and other Product IP.

(c) Schedule 9.2(c) contains a complete and correct list of all Patents Controlled by Eyegate relating to the Product.

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(d) Eyegate and its Affiliates have taken reasonable steps to protect and preserve the confidentiality of all material confidential Product IP. All current and former employees, consultants, and contractors of Eyegate and its Affiliates who are or have been involved in Developing the Product have executed and delivered and, to the best of knowledge of Eyegate, are in material compliance with, agreements regarding the protection of Product IP and providing written assignments of all Product IP (other than moral rights) conceived or developed by such employees, consultants or contractors in connection with their services for Eyegate or any of its Affiliates. No current or former employee, consultant or contractor has any right, claim to or interest in any of the Product IP (other than moral rights).

(e) Eyegate is, and covenants that it shall continue to be, in compliance in all material respects with all requirements of Applicable Laws relevant to its obligations and activities as set forth in this Agreement.

(f) All Development activities conducted by or on behalf of Eyegate and its Affiliates with respect to each of the Product, EGP-437 and the EyeGate® II Delivery System, including all pre-clinical and clinical investigations, have been and are being conducted in compliance in all material respects with all Applicable Laws. To the best of Eyegate's knowledge, no event has occurred and no circumstances exist that may result in a violation of, conflict with, or failure on the part of Eyegate and its Affiliates to comply with Applicable Laws in connection with the Product or its Development. Neither Eyegate nor any of its Affiliates has received any written notification, correspondence or any other written communication from any Regulatory Authority, including the FDA, alleging any potential or actual material non-compliance by Eyegate or any of its Affiliates under Applicable Law relating to the Product.

(g) As of the Effective Date, the Product IP is free and clear of liens, charges and encumbrances.

(h) Assuming the due authorization, execution and delivery by Valeant, this Agreement is a legally valid and binding obligation of Eyegate, enforceable against Valeant in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court or other tribunal before which any proceeding may be brought).

(i) Eyegate shall promptly provide Valeant with copies of all written notices and other material written communications from the FDA and/or any other Regulatory Authorities or regulatory agencies that relate to or reasonably impact the Product in the Field, EGP-437 or the EyeGate® II Delivery System or that may affect Valeant's ability or right to Manufacture, sell, distribute, Commercialize and otherwise Exploit the Product as contemplated by this Agreement. Eyegate covenants to disclose to Valeant any Product-related information that comes into the possession or Control of Eyegate or its Affiliates during the Term of this Agreement that is necessary or useful for Valeant to exercise its rights or perform its obligations under this Agreement in relation to the Product.

(j) Eyegate has not granted to any Person any license, sublicense or other rights, entered into any agreement or understanding or undertaken any obligation that in any way conflicts or is inconsistent with this Agreement or the rights and licenses granted to Valeant and its Affiliates under this Agreement. None of Eyegate Pharmaceuticals, EyeGate Pharma or any of their respective Affiliates shall grant to any Person any license, sublicense or other rights, enter into any agreement or understanding or undertake any obligation that in any way conflicts or is inconsistent with this Agreement or the rights and licenses hereunder.

(k) Schedule 9.2(k) hereto sets out all Contracts relating to the Product,EGP-437 or the EyeGate® II Delivery System or their Development (the "**Product Contracts**"), accurate and complete copies of which have been delivered to Valeant by Eyegate. Each of the Product Contracts are in full force and effect and enforceable in accordance with their terms against Eyegate and, to the best knowledge of Eyegate, against the other parties thereto (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court or other tribunal before which any proceeding may be brought). None of Eyegate Pharmaceuticals, EyeGate Pharma or any of their Affiliates is in default under any of the Product Contracts, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default. No counterparty to any Product Contract has cancelled or otherwise terminated or, to the best of Eyegate's knowledge, threatened to cancel or otherwise terminate the applicable Product Contract.

(l) As of the Effective Date, Eyegate has disclosed or made available to Valeant (a) all material scientific and technical information known to it or its Affiliates relating to (i) the safety and efficacy of the Product and (ii) the drug quality, including, stability, variability, and impurities of the Product and (b) all material regulatory materials submitted to or filed with any Regulatory Authority by or on behalf of Eyegate or any of its Affiliates and the status of all material discussions with Regulatory Authorities in respect of the Product (if any). All such scientific and technical information and regulatory materials are accurate and materially complete. To the best of Eyegate's knowledge, no data generated by Eyegate or any of its Affiliates with respect to the Product is the subject of any regulatory or other action, either pending or threatened, by any Regulatory Authority relating to the truthfulness of such data or the scientific adequacy of such data for its intended purpose. Neither Eyegate nor any of its Affiliates has applied for or obtained a Premarket Approval (PMA) or a Premarket Notification 510(k) for the EyeGate® II Delivery System.

(m) There is no action, suit or other proceeding pending or, to the best of Eyegate's knowledge, threatened anywhere in the Territory (i) relating to or involving the Product, EGP-437 or the EyeGate® II Delivery System or (ii) that could prevent, enjoin or delay the transactions or activities contemplated by this Agreement. There is no order, injunction, judgment or decree of a Regulatory Authority relating to or involving the Product, EGP-437 or the EyeGate® II Delivery System.

(n) To the best of Eyegate's knowledge, there is no information, and no event or circumstance has occurred, that would reasonably be expected to lead to the denial of any application for Marketing Authorization in the Territory. Eyegate is not aware of any safety issues relating to the Product, EGP-437 or the EyeGate® II Delivery System.

(o) Other than as disclosed in Schedule 9.2(o) hereto, none of the Product IP owned by Eyegate or its Affiliates was developed by or on behalf of, or using grants or any other subsidies of, any Regulatory Authority or other governmental entity or any university, and no government funding, facilities, faculty, employees or students of a university, college, other educational institution or research center.

9.3 Disclaimer.

(a) EXCEPT AS EXPRESSLY SET FORTH HEREIN, ALL OTHER WARRANTIES, CONDITIONS AND REPRESENTATIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY WARRANTY AS TO THE QUALITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OF NON-INFRINGEMENT, ARE HEREBY EXCLUDED AND DISCLAIMED BY EACH PARTY AND THEIR RESPECTIVE AFFILIATES.

(b) Nothing in this Agreement shall be deemed to authorize either Party or its respective Affiliates to act for, represent or bind the other Party or any of its Affiliates other than as specifically provided in this Agreement.

ARTICLE 10
STATUS OF THE PARTIES

10.1 No Joint Venture or Partnership. Nothing contained in this Agreement shall be construed as creating an employee-employer relationship or a principal-agent relationship or making the parties joint venturers or partners or, except as otherwise expressly provided herein (if at all), as granting to either Party the authority to bind or enter into any contracts or incur any obligations in the name of or on the account of the other Party or to make any guarantees or warranties on behalf of the other Party.

ARTICLE 11
TRADEMARKS; INTELLECTUAL PROPERTY RIGHTS

11.1 Product Trademarks.

(a) Valeant shall have the obligation to use the Product Trademark in connection with the Manufacture, Commercialization, sale, distribution or other Exploitation of the Product in the Field in the Territory; *provided* that Valeant shall also have the right (but not the obligation) to select, register, maintain and use a Valeant Trademark in conjunction with such Product Trademark in connection with the Manufacture, Commercialization, sale, distribution or other Exploitation of the Product in the Field in the Territory, including in relation to the combination Product or EGP-437, but not in relation to the EyeGate® II Delivery System itself. Other than as permitted under the Uveitis License Agreement, Valeant shall not use the Product Trademarks for any purpose other than for the use expressly authorized under this Agreement, and during the Term shall not register, challenge, oppose or use a trademark, trade dress or trade name that is the same as, confusingly similar to, or a derivative of or combination with, any Product Trademark. Valeant acknowledges and agrees that, as between the Parties, Eyegate shall retain all right, title and interest in and to the Product Trademarks except for the rights expressly granted to Valeant herein, and all use of such Product Trademarks and goodwill associated therewith shall inure exclusively to the benefit of Eyegate.

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(b) If, with respect to a particular country in the Territory, (i) the Product Trademark cannot, under Applicable Laws, be used for the Manufacture sale, distribution, Commercialization and Exploitation of the Product in such country, (ii) Eyegate is unable to maintain registration of the Product Trademark in any particular country or such mark is otherwise unavailable or (iii) it is commercially unreasonable to use the Product Trademark for the Manufacture sale, distribution, Commercialization and Exploitation of the Product in such country, then, notwithstanding Section 11.1(a), Valeant shall not be obligated to use the Product Trademark and shall have the right, but not the obligation, to select, register and maintain, during the Term of this Agreement, a Valeant Trademark for use for the Manufacture, sale, distribution, Commercialization and Exploitation of the Product in such country (including in relation to the EyeGate® II Delivery System), at its own expense.

(c) Each of the Parties shall use the Product Trademark in accordance with sound trademark and trade name usage principles, in accordance with any Eyegate trademark usage guidelines (as provided to Valeant from time to time) and in accordance with all Applicable Laws as reasonably necessary to maintain the validity and enforceability of the Product Trademark.

11.2 Ownership of Collaboration Results. Except to the extent separately and expressly agreed between the Parties and subject to the terms hereof, including the licenses and other rights granted hereunder, the entire right, title and interest in and to all Collaboration Results (including all Patents and other intellectual property rights relating thereto) shall be owned solely by the Party that invented, created or developed such Collaboration Results, without any obligation to reimburse the other Party except for what is expressly provided hereunder. However, Eyegate shall have a non-exclusive perpetual fully paid up royalty free license to practice or use any and all Valeant Collaboration Results solely in connection with the Product outside the Field and solely to the extent necessary or useful for the development, manufacture and/or commercialization of the Product outside the Field.

11.3 Joint Inventions. Any intellectual property arising or resulting from the inventive work by one or more employees of Eyegate and of Valeant, as to which such employees would be joint inventors under the patent laws of the United States ("**Joint Inventions**"), shall be jointly owned by the Parties (each Party having an undivided interest therein and the right to use without accounting to the other), and all of Eyegate's rights and interests therein shall be subject to the License if and to the extent that such intellectual property is useful or necessary for the exercise of the License. The laws of the United States with respect to joint ownership of inventions shall be applied in all jurisdictions of the world to the Parties' joint ownership interests.

11.4 Patent Marking. Valeant shall mark the Product (or packaging thereof) with the applicable patent and patent application numbers in accordance with all applicable laws and regulations.

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11.5 Patent Term Extensions. Eyegate will, after discussing its strategy with Valeant and reasonably considering Valeant's comments, in each country in the Territory, determine for which, if any, of the Patents within the Eyegate Patents and Eyegate's Collaboration Results, and Joint Patents, Eyegate will apply to extend the patent term with respect to the Product, as provided for in patent term extension laws or regulations in the Territory similar to the *Patent Term Restoration Act* or other similar laws and regulations affording an extension or restoration of patent terms in the United States, which similar laws and regulations shall include without limitation any Supplementary Protection Certificates. Eyegate shall act with reasonable promptness in light of the development stage of the Product to apply for any such extension. Valeant shall not make any submissions, filings or other communications with any governmental agency with respect to patent term restoration (or other similar grant of a monopoly right with respect to the Product) for any Patents within the Eyegate Patents or Eyegate's Collaboration Results or Joint Patents in the Territory without Eyegate's express consent. Valeant will cooperate fully with Eyegate in making such filings at Eyegate's sole expense which may include without limitation, making available regulatory data and information.

11.6 Prosecution and Maintenance of Product IP. Eyegate shall be obligated to Prosecute and Maintain Product Patents and Product Trademarks at its sole expense; *provided*, *however*, that Eyegate shall provide Valeant with copies of all correspondence regarding the prosecution of Product Patents with sufficient time for Valeant to comment, and to the extent possible, at least forty-five (45) days prior to any response being due to the applicable patent office, and Eyegate will consider in good faith reasonable comments provided by Valeant. Eyegate shall keep Valeant informed as to material developments with respect to the Prosecution and Maintenance of Product Patents and Product Trademarks, including by promptly providing to Valeant copies of any substantive documents that Eyegate receives from any patent office (including notice of reissues, reexaminations, oppositions or requests for patent term extensions), and by providing Valeant the opportunity to have reasonable input into the strategic aspects of such Prosecution and Maintenance. If Eyegate elects not to Prosecute and Maintain Patents covering any Product Patent(s) or Product Trademark(s) in any country, then Eyegate shall provide at least sixty (60) days' prior written notice to Valeant. Thereafter, upon Valeant's request, Eyegate shall and hereby does assign all of its right, title and interest in and to such Product Patent(s) and/or Product Trademark(s), and Valeant shall have the right, but not the obligation, to pursue, at its sole expense and in its sole discretion, the Prosecution and Maintenance of such Product Patent(s) and/or Product Trademark(s) in such country.

11.7 Protection of Product IP.

(a) Each Party shall notify the other Party promptly upon becoming aware that there exists an actual or potential infringement or misappropriation by Third Parties in the Territory of the Product IP in the Field, or that the Product or any intellectual property rights Covering the Product, might or actually infringe or misappropriate, or are dependent upon a Third Party intellectual property right in the Territory. The Parties shall meet to discuss and agree a joint strategy for prosecuting such infringement, including decisions on which Party will control resulting actions, assistance from the other Party and sharing of costs and revenues from such litigation. If the Parties fail to agree on the terms of such joint action within thirty (30) days from such notification, then Sections 11.7(b) and (c) shall apply.

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(b) Valeant shall have the first opportunity, but not the obligation, to bring any suit or action for infringement of any Product IP. Any infringement action brought by Valeant shall be solely at Valeant's expense. If requested, Eyegate shall provide reasonable assistance in the prosecution of such suit or action at Valeant's expense, and Eyegate shall have the right, but not the obligation, at its expense to join as a party in any infringement action brought by Valeant; *provided*, *however*, that Eyegate agrees to be joined as a party plaintiff if Valeant finds it legally necessary to join Eyegate. Eyegate shall execute all such papers necessary and perform such other acts as may reasonably be required by Valeant in connection with the filing or prosecution of the infringement suit or action at Valeant's expense. Valeant shall have control over such suit or action; *provided* that Valeant consults with Eyegate with respect to any such suit or action;*provided*, *further*, that Valeant may not settle or compromise such suit or action without the prior written consent of Eyegate, which consent shall not be unreasonably withheld, conditioned or delayed. In the event that monetary damages are awarded or obtained by Valeant whether by judgment, award, decree, settlement or otherwise, as a result of any infringement action brought by Valeant, the money actually received shall be retained by Valeant and considered as Net Sales (solely for the purposes of calculating Net Sales and not for the purposes of calculating the [***] Sales-Based Milestone Payments or [***] Sales-Based Milestone Payments), after first deducting the expenses incurred by Valeant in filing, prosecuting, maintaining and enforcing such suit or action, with an obligation on part of Valeant to pay Royalties to Eyegate, as set out in Article 7, in relation to any remaining balance.

(c) In the event that (i) Valeant fails to commence an infringement suit or take appropriate action for Product IP as set forth in Section 11.7(b), within the earlier of (A) ninety (90) days after Eyegate's written request for Valeant to initiate such action or (B) forty-five (45) days prior to the expiry of any applicable statute of limitation, or (ii) Valeant notifies Eyegate in writing of its decision not to take such action, Eyegate shall have the right, but not the obligation to bring an appropriate suit or action against the Third Party infringer within the relevant jurisdiction at Eyegate's expense. Valeant shall have the right, but not the obligation, at its cost to join as a party; *provided*, *however*, that Valeant agrees to be joined as a party plaintiff if Eyegate finds it legally necessary to join Valeant. Valeant shall execute all such papers necessary and perform such other acts as may reasonably be required by Eyegate in connection with the filing or prosecution of the infringement suit or action at Eyegate's expense. In the event that monetary damages are awarded or obtained by Eyegate, whether by judgment, award, decree, settlement or otherwise, as a result of any infringement action brought by Eyegate, the money actually received shall be split equally between the Parties, after first deducting the expenses incurred by Eyegate in filing, prosecuting, maintaining and enforcing such suit or action.

(d) In the event that a Third Party commences or threatens to commence any suit or action against a Party, alleging infringement of such Third Party's intellectual property rights by the Development, Manufacture, having Manufactured, use, marketing, Promotion, distribution, Commercialization, sale, offer to sell, having sold, export or import of the Products by Valeant, its Affiliates or its Sublicensees or Eyegate, its Affiliates or its Sublicensees, the Party against whom such proceedings is threatened or commenced shall give prompt notice to the other Party. Subject to the terms and conditions of Article 15, each Party shall be responsible for defense of all such claims against such Party; *provided* that Eyegate may not settle or compromise any such claim without the prior written consent of Valeant, which consent shall not be unreasonably withheld or delayed.

(e) Subject to Section 11.7(f) below, in the event that, in order for Valeant to perform its obligations or exercise its rights under this Agreement, including to Manufacture, Commercialize and Exploit the Product in the Territory, Valeant, any of its Affiliates or any of its Sublicensees are required to obtain one or more licenses under patents or other intellectual property rights of Third Parties that, in the absence of such license(s), would be infringed by Valeant's (or its Affiliates' or Sublicensees') performance hereunder ("**Third Party Licenses**"), after taking into account any set-off or credit required under the Uveitis License Agreement with respect to the payments due thereunder, [***] of all amounts actually paid under such Third Party Licenses by Valeant, its Affiliates and Sublicensees (**"Recoverable Amounts"**) shall be creditable against the License Fees and Milestone Payments and Royalties due to Eyegate by Valeant hereunder, and Valeant shall thus be entitled to withhold such amounts from future payment obligations that otherwise would have been due to Eyegate. Valeant shall consult with Eyegate prior to entering into any agreements on Third Party Licenses and provide Eyegate with a reasonable opportunity to provide its views on the need or benefit to obtain such license agreement and the financial and other terms thereof. Notwithstanding anything in this Section 11.7(e), Eyegate shall have the obligation to pay 100% of any and all royalties due on existing licenses from Third Parties to which Eyegate (or its Affiliates) is a party as of the date hereof, including any such licenses set out under Schedule 9.2(k).

(f) Notwithstanding Section 11.7(e) above, in the event that the requirement to obtain one or more Third Party Licenses constitutes a breach by Eyegate of one or more of its representations, warranties or other obligations under this Agreement, after taking into account any set-off or credit required under the Uveitis License Agreement with respect to the payments due thereunder, [***] of all Recoverable Amounts shall be creditable against the License Fees and Milestone Payments and Royalties due to Eyegate by Valeant hereunder and Valeant shall thus be entitled to withhold such amounts from future payment obligations that otherwise would have been due to Eyegate; *provided* that, in the case of the Royalties, (i) the Royalties may only be reduced with respect to the country in which such Third Party License applies and (ii) the Royalty rate then payable shall be reduced by no more than [***] of the then current Royalty rate as a result of the deduction of the Recoverable Amounts.

(g) The Parties shall reasonably cooperate with each other with respect to any litigation, action, suit, claim or proceeding under this Section 11.7. The Party prosecuting or controlling the defence of any proceeding under this Section 11.7 shall be referred to in this context as the "**Litigating Party**". The other Party in this context shall be referred to as the "**Non-Litigating Party**". In respect of any action commenced under Section 11.7(b) or (c), if the Litigating Party is unable to initiate or prosecute such action solely in its own name or it is otherwise advisable to obtain an effective remedy, the other Party will join such action voluntarily and will execute and cause its Affiliates and Sublicensees to execute all documents necessary for the enforcing Party to initiate litigation to prosecute and maintain such action.

ARTICLE 12
ADVERSE EVENT REPORTING, MEDICAL INFORMATION AND REGULATORY MATTERS; RECALLS

12.1 Prompt Notification. Each Party shall notify the other Party of any adverse event reports or complaints associated with the use of the Product that comes to such Party's attention, but in no event more than two (2) calendar days, in the event such reports or complaints come to such Party's attention on any day other than a Friday, or three calendar days, in the event such reports or complaints come to such Party's attention on a Friday, after receiving such information, as necessary to enable each Party to comply with all Applicable laws, each Party's internal policies regarding the recording and reporting of such events and complaints and its obligations to third parties. Without limiting the foregoing, each Party shall provide a copy to the other Party of any information that such Party obtains or receives concerning the Product or package complaint. Additionally, Eyegate shall transfer all requests it receives for medical information relating to the Product to Valeant.

12.2 Valeant Reporting Responsibilities.

(a) Valeant shall be solely responsible, at its sole expense, for recording, evaluating, summarizing and reviewing all adverse drug experiences and complaints associated with the Product in the Field in the Territory, and timely reporting all such information to the FDA and any other applicable professional or Regulatory Authority in accordance with Applicable Laws, including without limitation those that apply to the promotion and marketing of the Product in the Field in the Territory. Valeant shall respond to all requests for medical information relating to the Product in the Field in the Territory received by Valeant. In addition, Valeant shall be responsible for all other reporting requirements under Applicable Laws arising from its Manufacture, sale, distribution, Commercialization and Exploitation of the Product in the Field in the Territory. Eyegate shall provide Valeant with all information, assistance and cooperation reasonably requested by Valeant in undertaking such reporting.

(b) Subject to the terms of the Uveitis License Agreement, Eyegate shall be solely responsible, at its sole expense, for recording, evaluating, summarizing and reviewing all adverse drug experiences and complaints associated with the Product outside the Field in the Territory, and timely reporting all such information to the FDA and any other applicable professional or Regulatory Authority in accordance with Applicable Laws, including without limitation those that apply to the promotion and marketing of the Product in the Field in the Territory. Subject to the terms of the Uveitis License Agreement, Eyegate shall respond to all requests for medical information relating to the Product outside the Field in the Territory received by Eyegate. In addition, subject to the terms of the Uveitis License Agreement, Eyegate shall be responsible for all other reporting requirements under Applicable Laws arising from its Manufacture, sale, distribution, Commercialization and Exploitation of the Product outside the Field in the Territory. Valeant shall provide Eyegate with all information, assistance and cooperation reasonably requested by Eyegate in undertaking such reporting.

12.3 Pharmacovigilance Agreement. The Parties will, promptly after the Effective Date, enter into a pharmacovigilance agreement (or an amendment to any existing pharmacovigilance agreement entered into by the Parties with respect to the Uveitis License Agreement) that will govern the Parties' obligations under Sections 12.1 and 12.2 in further detail, and that will cover other matters typically contained in similar agreements for products of a similar nature.

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12.4 Recalls. The Parties shall immediately contact each other in the event that either Party has reason to believe that the recall of the Product, EGP-437 or the EyeGate® II Delivery System may be necessary. The Parties shall fully cooperate and shall resolve any issues with respect to all recalls, field corrections and market withdrawals ("**Recalls**") of Product, EGP-437 or the EyeGate® II Delivery System including the necessity of declaring the Recall, the manner in which the Recall should be conducted and the duration of the Recall. Valeant shall be responsible for the administration of the Recall and for all costs and expenses of any such Recalls with respect to the Product in the Field; *provided* that (i) if such Recall is the result solely of (A) the failure by Eyegate or its Affiliates or representatives to comply with any Applicable Law or (B) the negligent or willful act or omission of Eyegate or its Affiliates or representatives, in which case the costs and expenses of such Recall shall be paid by Eyegate, and (ii) if such Recall is the result of the negligent or willful act or omission of both Eyegate and Valeant, the Parties shall share the costs and expenses of such Recall in proportion to their relative fault. Subject to the terms of the Uveitis License Agreement, Eyegate shall be responsible for the administration of the Recall and for all costs and expenses of any such Recalls with respect to the Product outside the Field.

ARTICLE 13
CONFIDENTIALITY; PUBLIC STATEMENTS

13.1 Confidential Information. Each Party acknowledges and agrees that it shall have access to, or receive, the Confidential Information of the other Party in the course of performance of the services required under this Agreement. For the purposes of this Agreement, the "**Confidential Information**" shall mean any information (whether oral or written or otherwise in tangible or intangible form) received pursuant to this Agreement by one Party or any Affiliate thereof ("**Receiving Party**") from or on behalf of the other Party or any Affiliate thereof ("**Disclosing Party**"), whether or not developed by the Disclosing Party, including but not limited to, any and all information which relates in any way to any ideas, designs, methods, discoveries, improvements, documents or other results of the Parties' activities to be conducted hereunder, trade secrets, proprietary rights, business affairs, marketing strategies or information, customer information or employee information, and without limiting the foregoing, in the case of Eyegate, proprietary or confidential information relating to the Product or the Product IP, and in the case of Valeant, certain proprietary or confidential information or know-how with respect to Valeant's performance of its obligations hereunder. Confidential Information of the Disclosing Party shall not be subject to the obligations set forth in Section 13.2 to the extent that such information:

(a) is, at the time of disclosure, in the public knowledge;

(b) becomes part of the public knowledge after disclosure, by publication or otherwise, except by breach of this Agreement by the Receiving Party or other obligation of confidentiality owed to the Disclosing Party;

(c) is demonstrably in the Receiving Party's possession at the time of disclosure and which was not acquired, directly or indirectly, from the Disclosing Party or any Third Party which was, at the time of such acquisition, subject to an obligation of confidentiality owed to the Disclosing Party;

(d) is received by the Receiving Party from third parties, *provided* such information was not obtained, directly or indirectly, from the Disclosing Party or any Third Party which was, at the time such information was obtained, subject to an obligation of confidentiality owed to the Disclosing Party; or

(e) was independently developed by the Receiving Party, without use of or access to the information provided by the Disclosing Party (as demonstrated by competent proof).

13.2 Confidentiality Obligations. Each Party acknowledges and agrees that the Confidential Information of the Disclosing Party constitutes valuable information and in certain instances trade secrets of the Disclosing Party. Each Receiving Party shall keep all Confidential Information of the Disclosing Party in confidence and shall not, at any time during or after the Term of this Agreement, without the Disclosing Party's prior written consent, disclose or otherwise make available, directly or indirectly, any item of the Disclosing Party's Confidential Information to anyone other than the Receiving Party's employees, licensors, distributors, manufacturers, Affiliates and representatives who need to know the same in the performance of such Party's obligations hereunder and who are bound by obligations of confidentiality, except, however, to the extent otherwise required by Applicable Laws or rules of a securities exchange, or to the extent necessary for such Party to confer with its legal, accounting or other advisors (in which case such disclosure shall be made under confidentiality). Each Receiving Party, its employees and representatives, shall use the Confidential Information of the Disclosing Party only in connection with the performance of the Receiving Party's obligations or exercising the Receiving Party's rights hereunder and for no other purpose. Each Receiving Party shall inform its employees and representatives of the trade secret, proprietary and confidential nature of the Confidential Information of the Disclosing Party and their obligation to use the Confidential Information only for such purposes as is entitled to use it hereunder.

13.3 Return of Confidential Information. Upon termination of this Agreement, the Receiving Party agrees to promptly, and in any event not more than thirty (30) days following such termination, return to the Disclosing Party any and all of its Confidential Information; *provided* that the Receiving Party shall be entitled to retain one copy solely for archival purposes, provided that such Confidential Information continues to be subject to the confidentiality restrictions under this Agreement as long as so retained and such Confidential Information is not accessed by anyone other than the Receiving Party's systems backup personnel or its legal and regulatory compliance personnel.

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13.4 Public Statements. Each Party hereto agrees not to issue, and shall cause its Affiliates, representatives and agents not to issue, any press release or other public statement disclosing the existence of, or relating to this Agreement, including without limitation its terms and substance, without the prior written consent of the other Party; *provided*, *however*, that neither Party shall be prevented from complying with any duty of disclosure it may have under Applicable Laws, including applicable federal securities regulations, in which case the affected Party shall use reasonable efforts to notify the other Party in advance of such disclosure and take reasonable steps to limit or avoid such disclosure where available under Applicable Laws. Valeant and Eyegate shall issue a joint press release concerning this Agreement, to be issued on or about the Effective Date, as set forth in Appendix C attached hereto. In addition, each Party may disclose the terms of this Agreement (i) in confidence on terms no less restrictive than those contained herein to the extent required in connection with a bona fide Third Party acquisition or financing; (ii) as advisable or required in connection with any government or regulatory filings, including without limitation filings with the FDA, provided that the filing party consults in advance of such disclosure in good faith with the Party whose Confidential Information is to be disclosed with respect to the specific disclosure and seeks confidential treatment to the extent reasonably practicable; and (iii) as required to be disclosed in such Party's financial statements as reasonably required or recommended by such Party's independent auditor.

ARTICLE 14
TERM; TERMINATION

14.1 Effective Time. This Agreement shall become effective on the Effective Date.

14.2 Term of this Agreement. The term of this Agreement shall commence as of the Effective Date, and shall continue until terminated as set forth in this Article 14 (the "**Term**").

14.3 Voluntary Termination by Valeant upon Notice. Valeant may terminate this Agreement at any time by providing ninety (90) days' prior written notice to Eyegate.

14.4 Termination by Eyegate for Cessation of U.S. Commercialization. If, following the commercial launch of the Product in the Field in the Territory, Valeant or its Affiliates or Sublicensees cease selling and distributing the Product in the United States in the Field for a period of at least [***], *provided* that such failure to sell or distribute does not result or arise (a) from the breach by Eyegate of any representation, warranty, covenant or agreement in this Agreement or other negligent or willful act or omission of Eyegate, (b) from a Force Majeure Event, or (c) from a recall or market suspension of the Product or any other event or a cause beyond Valeant's reasonable control (including a supply failure or supply shortage), then Eyegate shall have the right to terminate this Agreement upon [***] prior written notice to Valeant, *provided* that Valeant (or its Affiliate or Sublicensee) does not recommence selling or distributing the Product in the Field in the United States during such [***] notice period and is continuing to so sell and distribute upon the termination of such [***] notice period.

14.5 Termination for Breach. Either Party shall have the right to terminate this Agreement upon the material breach of any of the terms and conditions of this Agreement by the other Party, if such breach is not cured within [***] after the breaching Party's receipt of written notice from the other Party specifying the nature of such breach in reasonable detail.

14.6 Termination for Infringement or Violation of Law. Valeant shall have the right to terminate this Agreement immediately upon a determination by a court of competent jurisdiction that Valeant's Manufacture, sale, distribution, Commercialization or Exploitation of the Product in accordance with the terms hereof results in a violation or infringement upon any trademark, tradename, copyright, Patent, trade secret or other rights held by any Person or a violation of Applicable Law.

14.7 Bankruptcy; Insolvency. Either Party may terminate this Agreement upon the occurrence of either of the following:

(a) The entry of a decree or order for relief by a court of competent jurisdiction in respect of the other Party in an involuntary case under the Federal Bankruptcy Code, as now constituted or hereafter amended, or any other applicable federal, state or foreign insolvency or other similar law and the continuance of any such decree or order that is unstayed and in effect for a period of [***]; or

(b) The filing by the other Party of a petition for relief under the Federal Bankruptcy Code, as now constituted or hereafter amended, or any other applicable federal, state or foreign insolvency or similar law.

14.8 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by Eyegate are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that Valeant as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code including, without limitation, Valeant's right to retain all licenses granted herein, subject to payments when due to Eyegate of all applicable License Fees and Milestone Payments and Royalties. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against Eyegate under the U.S. Bankruptcy Code, Valeant will be entitled to a complete duplicate of (or complete access to, as appropriate) the Product IP and all embodiments of such Product IP, and same, if not already in its possession, will be promptly delivered to Valeant (a) upon any such commencement of a bankruptcy proceeding upon its written request therefor, unless Eyegate elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, following the rejection of this Agreement by or on behalf of Eyegate upon written request therefor by Valeant.

14.9 Mutual Termination. The Parties may terminate this Agreement on mutually agreeable terms, as set out in a mutual termination agreement, including pursuant to Section 4.2 of this Agreement.

14.10 Consequences of Termination.

(a) The termination of this Agreement shall not affect any rights or obligations of the Parties under this Agreement which by their terms are intended to survive such termination, including, without limitation, Section 11.1, this Section 14.10 and Articles 1, 7–8 (to the extent necessary to complete payment obligations accruing during the Term, or to exercise a Party's audit rights as provided therein), 12, 13, 15 (as to activities conducted during the Term) and 16 hereto, which shall survive termination of this Agreement for as long as necessary to permit their full discharge. In addition, the termination of this Agreement shall not affect any rights or obligations of the Parties arising in any way out of this Agreement which are accrued prior to the date of termination.

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(b) Upon termination of this Agreement for any reason, Valeant shall pay to Eyegate all earned, but unpaid Development Milestone Payments, [***] Sales-Based Milestone Payments and [***] Sales-Based Milestones Payments. In addition, upon termination of this Agreement by Valeant pursuant to Section 14.3 or by Eyegate pursuant to Section 14.5, to the extent that Eyegate has engaged in Development work but has not yet achieved the then next Development Milestone, then Valeant shall reimburse Eyegate for [***] of any reasonable, documented out-of-pocket costs incurred by Eyegate in connection with such Development work up to the amount of the then next Development Milestone Payment.

(c) Upon termination of this Agreement for any reason (other than by Valeant pursuant to Section 14.5), Valeant shall retain all inventory of Product then in its possession (the "**Valeant Stock**") for a "sell-off" period not to exceed [***] from the date of such termination during which Valeant and its Affiliates shall have the right to sell, distribute and Commercialize the Valeant Stock subject to the terms of this Agreement, including, but not limited to, the rendering of reports and making of payments required under this Agreement, and, for the avoidance of doubt, the licenses granted by Eyegate to Valeant pursuant to Section 2.1, including, but not limited to, the right to use all Product IP, shall continue until the end of such [***] "sell-off" period with respect to the Valeant Stock. During the [***] "sell-off" period, Valeant shall fully cooperate and coordinate with EyeGate or its designee to ensure an orderly and seamless transfer of manufacturing marketing responsibilities. Following the expiration of this [***] "sell off" period, Valeant shall, with the assistance and cooperation of Eyegate, transfer to Eyegate (or its designee) any Marketing Authorizations held by Valeant or its Affiliates in the Territory, at Eyegate's cost and Eyegate shall have an exclusive perpetual fully paid up royalty free license to any Collaboration Results for use in any product in any field.

(d) Except as expressly set out herein, the license granted to Valeant hereunder shall not survive the termination of this Agreement;*provided* that, in the event of termination by Valeant pursuant to Section 14.5, the licenses and rights granted to Valeant pursuant to Section 2.1 herein shall become exclusive, perpetual, fully-paid up licenses and shall survive the termination of this Agreement. In the event of any such termination, Eyegate shall, upon reasonable request from Valeant and at Valeant's costs, cooperate with and assist Valeant in the transition of the Product and any ongoing Development work from Eyegate to Valeant (or its designee), including with respect to the transfer of any Marketing Authorizations for the Product (including any application therefor), any contracts or agreements required for the Development or Commercialization of the Product and any ongoing studies or trials and, if required, complete the submission for the U.S. Marketing Authorization.

ARTICLE 15
INDEMNIFICATION; LIMITATION ON LIABILITY; INSURANCE

15.1 Indemnification by Valeant. Valeant shall indemnify, defend and hold Eyegate and its Affiliates and their respective directors, officers, employees, agents, successors and assigns harmless from and against any and all losses, claims, suits, actions, damages, assessments, interest charges, penalties, costs and expenses (including without limitation reasonable attorneys' fees) (hereinafter collectively, the "**Losses**"), arising out of (a) the breach by Valeant of any of its obligations, representations, warranties or covenants in this Agreement, (b) the Manufacture, sale, distribution, Commercialization or Exploitation of the Product in the Field in the Territory by, or on behalf of, Valeant or its Affiliates in violation of Applicable Laws or (c) a negligent or willful act or omission on the part of Valeant or any of its directors, officers, agents or employees in connection with this Agreement, except, in each case, to the extent such Losses are covered by Eyegate's indemnification of Valeant pursuant to Section 15.2.

15.2 Indemnification by Eyegate. Eyegate Pharmaceuticals and Eyegate Pharma shall, on a joint and several basis, indemnify, defend and hold Valeant and its Affiliates and their respective directors, officers, employees, agents, successors and assigns harmless from and against any and all Losses, arising out of (a) the breach by Eyegate of any of its obligations, representations, warranties or covenants in this Agreement, (b) a negligent or willful act or omission on the part of Eyegate or any of its directors, officers, agents or employees in connection with this Agreement, (c) all liabilities to Third Parties relating to the Product in the Field arising or incurred on or prior to the Effective Date, or (d) any violation or infringement upon any trademark, tradename, copyright, Patent, trade secret or other rights held by any Person in the manufacture, use, sale, offering for sale, import or promotion of the Product in the Field in the Territory, except to the extent such Losses are covered by Valeant's indemnification of Eyegate pursuant to Section 15.1.

15.3 Indemnification Procedures. A Party (the "**Indemnitee**") which intends to claim indemnification under this Article 15 shall promptly notify the other Party (the "**Indemnitor**") in writing of any action, claim or liability in respect of which the Indemnitee or any of its directors, officers, employees or agents intend to claim such indemnification, *provided* that the failure to provide timely notice to the Indemnitor shall not release the Indemnitor from any liability to the Indemnitee to the extent the Indemnitor is not prejudiced thereby. Within fifteen (15) days after such notification is delivered by the Indemnitee to the Indemnitor, the Indemnitee shall permit, and shall cause its employees and agents to permit, the Indemnitor to assume the defense of any such action or claim with qualified counsel at the Indemnitor's sole cost and expense, *provided, however*, that if the Indemnified Party shall have reasonably concluded that representation of both Indemnitor and Indemnitee by the same counsel would be inappropriate due to an actual conflict of interests between them, the Indemnitee shall be able to obtain its own counsel at the expense of the Indemnitor. If the Indemnitor does not deliver written notice to the Indemnitee of its intent to assume control of such defense within such fifteen (15) day period, the Indemnitee may assume such defense with qualified counsel if its choice at the sole cost of the Indemnitor. If the Indemnitor assumes such defense hereunder, the Indemnitee may participate in such defense through counsel of its own selection at the Indemnitee's sole cost and expense. Neither party shall settle or consent to entry of judgment of any such claim or dispute without the other Party's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; *provided* that the Indemnitee shall be deemed to have granted such consent if either (i) such settlement does not adversely affect the Indemnitee, and does not impose any obligation or liability on the Indemnitee which cannot be assumed and performed in full by the Indemnitor, or (ii) such settlement involves only the payment of money by the Indemnitor or its insurer. The Indemnitor shall not be responsible for any attorneys' fees or other costs incurred other than as provided in this Agreement. The Indemnitee, its employees and agents, shall provide reasonable and good faith assistance (including but not limited to documents and testimony) to the Indemnitor and its legal representatives, at the Indemnitor's expense, in the investigation and defense of any action, claim or liability covered by this indemnification.

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15.4 LIMITATION ON LIABILITY. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NO PARTY TO THIS AGREEMENT SHALL BE LIABLE TO OR OTHERWISE RESPONSIBLE TO THE OTHER PARTY OR ANY AFFILIATE OF THE OTHER PARTY FOR LOST REVENUES OR PROFITS, OR INCIDENTAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR MULTIPLIED DAMAGES THAT ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE PERFORMANCE OR BREACH HEREOF OR THEREOF, EXCEPT (A) IN CONNECTION WITH A BREACH OF ARTICLE 13, (B) FOR FRAUD, OR (C) TO THE EXTENT THAT SUCH DAMAGES WERE ACTUALLY PAID TO A THIRD PARTY PURSUANT TO A THIRD PARTY CLAIM.

15.5 Insurance. As from the Effective Date, and for a period of five (5) years after the termination of this Agreement, each Party shall maintain adequate liability insurance coverage to cover its liabilities related to its activities and obligations under this Agreement in such amounts and with such coverage as is customary for similar companies in the pharmaceutical business, including any legally mandatory insurance (or reasonable self-insurance sufficient to provide materially the same level of protection).

15.6 Relation to Indemnification under Uveitis License Agreement. In calculating amounts payable to an indemnified Party hereunder, the amount of any indemnified Losses shall be computed net of any amounts actually recovered by the indemnified Party under the terms of the Uveitis License Agreement. It is the intention of the Parties that neither Party shall be entitled to recover for (nor shall any Party be responsible to indemnify the other for) the same Losses under both this Agreement and the Uveitis License Agreement.

ARTICLE 16
MISCELLANEOUS PROVISIONS

16.1 Force Majeure. Failure of either Party hereto to fulfill or perform its obligations under this Agreement shall not subject such Party to any liability if such failure is due to an event or a cause beyond its reasonable control, such as unforeseen nationwide labor conflict, acts of God, fire, earthquakes, floods, war, mobilization or unforeseen military call-up of a large magnitude, requisition, confiscation, commandeering, public decrees, riots, insurrections (a "**Force Majeure Event**"), *provided* that the affected Party uses commercially reasonable efforts to remove such Force Majeure Event and commence performance hereunder as soon as possible following the removal of such Force Majeure Event and that the affected Party gives the other Party prompt notice of the existence of such Force Majeure Event.

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16.2 Notices. Unless otherwise specified herein, all notices required or permitted to be given under this Agreement shall be in writing and shall be delivered personally, by facsimile transmission or sent by a nationally recognized overnight courier service, and shall be deemed to have been given upon receipt. Any such notices shall be addressed to the receiving party at such party's address set forth below, or at such other address as may from time to time be furnished by similar notice by either party:

If to Valeant:

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If to Eyegate:

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16.3 Entire Agreement; Modification. This Agreement, including without limitation all exhibits and attachments hereto, contains the entire Agreement among the parties hereto with respect to the subject matter hereof and supersedes all previous agreements, negotiations, commitments and writings among the parties hereto with respect of the subject matter hereof, and may not be changed or modified in any manner unless in a written instrument duly approved by both Parties. Notwithstanding this Section 16.3, the Uveitis License Agreement shall not be superseded, replaced or amended by this Agreement.

16.4 Severability. If any provision of this Agreement or any other document delivered under this Agreement is prohibited or unenforceable in any jurisdiction, it shall be ineffective in such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or enforceable nor the remaining provisions hereof, nor render unenforceable such provision in any other jurisdiction, unless the effect of rendering such provision ineffective would be to substantially deviate from the expectations and intent of the respective parties in entering into this Agreement. In the event any provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the parties hereto shall use reasonable best efforts to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes hereof.

16.5 No Waiver; Cumulative Remedies. No failure or delay on the part of either Party in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No waiver of any provision hereof shall be effective unless the same shall be in writing and signed by the Party giving such waiver. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

16.6 Headings. All Article and Section headings are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16.7 Governing Law; Arbitration; Mediation.

(a) This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of New York, without giving effect to choice of law rules.

(b) If any dispute, controversy or difference arises between the Parties in connection with or arising out of this Agreement, the Parties shall first attempt to settle such matter amicably through mutual discussion, involving, to the extent necessary, senior executives of both Parties. Should the Parties fail to reach an amicable settlement within sixty (60) days of a formal written request by one Party to the other for such discussion, said dispute, controversy or difference shall be submitted to non-binding mediation in accordance with Section 16.7(c).

(c) With respect to any proceeding, each of the parties irrevocably (i) agrees and consents to be subject to the exclusive jurisdiction of any federal or state court in New York, United States of America (any such court, the "**New York Court**") and (ii) waives any objection which it may have at any time to the laying of venue of any proceeding brought in any such New York Court and waives any claim that such proceeding has been brought in an inconvenient forum and further waives the right to object, with respect to such proceeding, that such court does not have any jurisdiction over such Party. Notwithstanding the foregoing: (i) each of the parties shall be entitled to seek injunctive relief and specific performance in any court of competent jurisdiction, and (ii) if the court adjudicating such proceeding refuses for any reason to exercise jurisdiction over the dispute, the parties shall be free to bring such proceeding in any other Court in the State of New York as provided above and, in the event such other court(s) refuse for any reason to exercise jurisdiction over the dispute, of the parties shall be free to bring such proceeding in any other court of competent jurisdiction.

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(d) Notwithstanding the foregoing, neither Valeant nor Eyegate shall be required to pursue the escalation procedures set forth in this Section 16.7 if the result of following such escalation provisions set forth would result in the lapse of the statute of limitations applicable to a claim hereunder.

16.8 Counterparts. This Agreement and any amendment or supplement hereto may be executed in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. This Agreement shall become binding when any number of counterparts, individually or taken together, shall bear the signatures of both Parties. This Agreement may be executed and delivered by facsimile or any other electronic means, including ".pdf" or ".tiff" files, and any facsimile or other scanned copy of a signed copy of this Agreement shall constitute an original for all purposes.

16.9 Assignments. No party shall be permitted to assign this Agreement or any of its rights or obligations under this Agreement, directly or by operation of law or otherwise, without the other parties' express, prior written consent, except that (i) Eyegate may assign or sublicense this Agreement, in whole or in part, to an Affiliate or to its successor in connection with any merger, consolidation or sale or other disposal of all or substantially all of its assets without Valeant's consent and (ii) Valeant may assign or sublicense this Agreement, in whole or in part, to an Affiliate or to its successor in connection with any merger, consolidation or sale or other disposal of all or substantially all of its assets and/or business to which this License Agreement relates without Eyegate's consent; *provided* that no such assignment shall relieve the assigning party of any of its obligations under this Agreement. Any such purported assignment in violation of this Agreement shall be null and void *ab initio.*

16.10 Costs and Expenses. Except as otherwise specified herein, each Party shall bear its own expenses with respect to the transactions contemplated by this Agreement.

16.11 Affiliates. Valeant may perform certain of its obligations and activities hereunder through one or more of its Affiliates, provided that Valeant shall remain responsible for such Affiliates and for ensuring that such Affiliates performance such obligations and activities in accordance with the terms hereof.

(Signature Page to Follow)

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IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have entered into this Agreement effective as of the Effective Date.

VALEANT PHARMACEUTICALS IRELAND

By: /s/ Graham Jackson
Name: Graham Jackson
Title: Director

EYEGATE PHARMACEUTICALS, INC.

By: /s/ Stephen From
Name: Stephen From
Title: President & CEO

EYEGATE PHARMA S.A.S.

By: /s/ Stephen From
Name: Stephen From
Title: President

[*Signature Page to Eyegate License Agreement*]

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Appendix A: Wire Instructions

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Appendix B: Schedule of Development-Based Milestone Payments

Development Milestone	Percentage of Aggregate Development Milestone Payment
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Appendix C: Joint Press Release

See attached.

Appendix D

Example of [***] Sales-Based Milestone Payments and [***] Sales-Based Milestone Payments

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Schedule 1.1(iii)
Western European Countries

United Kingdom
France
Germany
Spain
Italy
Austria
Belgium
Cyprus
Denmark
Finland
Greece
Iceland
Ireland
Liechtenstein
Luxembourg
Malta
Monaco
Netherlands
Norway
Portugal
Sweden
Switzerland

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Schedule 9.2(c)
Product Patents

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Schedule 9.2(k)
Product Contracts

Dalton Chemical Laboratories, Inc. operating as Dalton Pharma Services
- Master Services Agreement, August 25, 2014

University of Miami
- December 16, 2005: Amended and Restated Licensing Agreement

BEHAR-COHEN
- July 23, 1999: Transaction Protocol

TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
- March 6, 2012: Clinical Trial Agreement

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Schedule 9.2(o)
Certain Government Grants and Other Funding

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Exhibit 21.1

Subsidiaries of the Registrant

EyeGate Pharma S.A.S.	**(France)**
Jade Therapeutics, Inc.	**(United States)**

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of EyeGate Pharmaceuticals, Inc. on Form S-8 (Nos. 333-202207 and 333-209441) and on Form S-3 (No. 333-210557) of our report dated February 23, 2017, on our audits of the Consolidated Financial Statements as of December 31, 2016 and 2015 and for each of the years then ended, which report is included in this Annual Report on Form 10-K, to be filed on or about February 23, 2017. Our report includes an explanatory paragraph about the existence of substantial doubt concerning the Company's ability to continue as a going concern.

/s/ EISNERAMPER LLP

New York, New York
February 23, 2017

Exhibit 31.1

Certification

I, Stephen From, certify that:

1. I have reviewed this Annual Report on Form 10-K of EyeGate Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

/s/ Stephen From
Stephen From
President and Chief Executive Officer
(Principal executive officer)

Exhibit 31.2

Certification

I, Sarah Romano, certify that:

1. I have reviewed this Annual Report on Form 10-K of EyeGate Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

/s/ Sarah Romano
Sarah Romano
Interim Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned officer of EyeGate Pharmaceuticals, Inc. (the "Company") hereby certifies to his knowledge that the Company's Annual Report on Form 10-K for the year ended December 31, 2016 (the "Report") to which this certification is being furnished as an exhibit, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: February 23, 2017

/s/ Stephen From
Stephen From
President and Chief Executive Officer
(Principal executive officer)

Exhibit 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned officer of EyeGate Pharmaceuticals, Inc. (the "Company") hereby certifies to her knowledge that the Company's Annual Report on Form 10-K for the year ended December 31, 2016 (the "Report") to which this certification is being furnished as an exhibit, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: February 23, 2017

/s/ Sarah Romano
Sarah Romano
Interim Chief Financial Officer
(Principal financial and accounting officer)