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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

OR

o **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 001-32157

ADVENTRX Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1318182**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
6725 Mesa Ridge Road, Suite 100, San Diego, CA	**92121**
(Address of principal executive offices)	*(Zip Code)*

(858) 552-0866
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 o

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 o	Accelerated filer o	Non-accelerated filer o (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 o No ☑

The number of shares outstanding of the registrant's common stock, $0.001 par value, as of August 8, 2008 was 90,252,572.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Condensed Consolidated Balance Sheets

	June 30, 2008 (Unaudited)	December 31, 2007 (Note)
Assets		
Current assets:		
Cash and cash equivalents	$ 12,638,547	$ 14,780,739
Short-term investments	9,431,245	18,682,417
Other receivables	13,426	72,029
Prepaid expenses	719,382	615,691
Total current assets	22,802,600	34,150,876
Property and equipment, net	294,113	332,444
Other assets	61,497	58,305
Total assets	$ 23,158,210	$ 34,541,625
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 606,468	$ 552,143
Accrued liabilities	1,921,096	2,317,910
Accrued compensation and payroll taxes	961,405	622,762
Total current liabilities	3,488,969	3,492,815
Long-term liabilities	3,567	14,270
Total liabilities	3,492,536	3,507,085
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.001 par value; 200,000,000 shares authorized; 90,252,572 shares issued and outstanding at June 30, 2008 and December 31, 2007	90,254	90,254
Additional paid-in capital	131,140,320	130,140,549
Deficit accumulated during the development stage	(111,557,567)	(99,198,965)
Accumulated other comprehensive income (loss)	(7,333)	2,702
Total stockholders' equity	19,665,674	31,034,540
Total liabilities and stockholders' equity	$ 23,158,210	$ 34,541,625

Note: The balance sheet at December 31, 2007 has been derived from audited financial statements at that date. It does not include, however, all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements.

See accompanying notes to unaudited condensed consolidated financial statements.

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,		Inception (June 12, 1996) through June 30, 2008
	2008	2007	2008	2007	
Revenues:					
Net sales	$ —	$ —	$ —	$ —	$ 174,830
Cost of goods sold	—	—	—	—	51,094
Gross margin	—	—	—	—	123,736
Grant revenue	—	—	—	—	129,733
Licensing revenue	500,000	—	500,000	500,000	1,000,000
Total revenues	500,000	—	500,000	500,000	1,253,469
Operating expenses:					
Research and development	4,511,395	4,239,610	8,331,702	7,624,270	52,424,075
Selling, general and administrative	2,635,688	2,006,396	5,000,882	4,815,845	38,250,471
Depreciation and amortization	44,116	53,036	90,895	104,925	10,720,927
In-process research and development	—	—	—	—	10,422,130
Impairment loss — write off of goodwill	—	—	—	—	5,702,130
Equity in loss of investee	—	—	—	—	178,936
Total operating expenses	7,191,199	6,299,042	13,423,479	12,545,040	117,698,669
Loss from operations	(6,691,199)	(6,299,042)	(12,923,479)	(12,045,040)	(116,445,200)
Interest and other income	265,669	576,214	564,877	1,198,398	4,596,941
Interest expense	—	—	—	—	(179,090)
Loss before cumulative effect of change in accounting principle	(6,425,530)	(5,722,828)	(12,358,602)	(10,846,642)	(112,027,349)
Cumulative effect of change in accounting principle	—	—	—	—	(25,821)
Net loss	(6,425,530)	(5,722,828)	(12,358,602)	(10,846,642)	(112,053,170)
Preferred stock dividends	—	—	—	—	(621,240)
Net loss applicable to common stock	$ (6,425,530)	$ (5,722,828)	$ (12,358,602)	$ (10,846,642)	$ (112,674,410)
Net loss per common share — basic and diluted	$ (0.07)	$ (0.06)	$ (0.14)	$ (0.12)	
Weighted average shares — basic and diluted	90,252,572	89,706,739	90,252,572	89,691,822	

See accompanying notes to unaudited condensed consolidated financial statements.

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30, 2008	2007	Inception (June 12, 1996) through June 30, 2008
Cash flows from operating activities:			
Net loss	$(12,358,602)	$(10,846,642)	$(112,053,170)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	90,895	104,925	10,270,927
In-process research and development	—	—	10,422,130
Share-based compensation for employee awards	994,258	1,189,062	7,437,587
Expense related to stock options issued to non-employees	5,513	38,740	205,195
Expenses paid by issuance of common stock	—	39,167	1,144,697
Expenses paid by issuance of warrants	—	—	573,357
Expenses paid by issuance of preferred stock	—	—	142,501
Expenses related to stock warrants issued	—	—	612,000
Accretion of discount on investments in securities	(196,633)	(576,462)	(1,593,024)
Amortization of debt discount	—	—	450,000
Forgiveness of employee receivable	—	—	30,036
Impairment loss — write-off of goodwill	—	—	5,702,130
Equity in loss of investee	—	—	178,936
Write-off of license agreement	—	—	152,866
Write-off of assets available-for-sale	—	—	108,000
Cumulative effect of change in accounting principle	—	—	25,821
Changes in assets and liabilities, net of effect of acquisitions:			
Decrease in prepaid expenses and other assets	(48,280)	(246,255)	(1,041,674)
Increase (decrease) in accounts payable and accrued liabilities	(16,228)	1,689,473	3,653,294
Increase (decrease) in other long-term liabilities	(10,703)	(10,702)	3,567
Net cash used in operating activities	(11,539,780)	(8,618,694)	(73,574,824)
Cash flows from investing activities:			
Purchases of short-term investments	(13,362,230)	(28,294,009)	(110,190,330)
Proceeds from sales and maturities of short-term investments	22,800,000	27,675,000	102,344,776
Purchases of property and equipment	(40,182)	(45,775)	(1,005,580)
Purchase of certificate of deposit	—	—	(1,016,330)
Maturity of certificate of deposit	—	—	1,016,330
Payment on obligation under license agreement	—	—	(106,250)
Cash acquired from acquisitions, net of cash paid	—	—	32,395
Issuance of note receivable — related party	—	—	(35,000)
Payments on note receivable	—	—	405,993
Advance to investee	—	—	(90,475)
Cash transferred in rescission of acquisition	—	—	(19,475)
Cash received in rescission of acquisition	—	—	230,000
Net cash provided by (used in) investing activities	9,397,588	(664,784)	(8,433,946)
Cash flows from financing activities:			
Proceeds from sale of preferred stock	—	—	4,200,993
Proceeds from sale of common stock	—	—	84,151,342
Proceeds from exercise of stock options	—	61,200	712,367
Proceeds from sale or exercise of warrants	—	—	11,382,894
Repurchase of warrants	—	—	(55,279)
Payment of financing and offering costs	—	—	(6,483,809)
Payments of notes payable and long-term debt	—	—	(605,909)
Proceeds from issuance of notes payable and detachable warrants	—	—	1,344,718
Net cash provided by financing activities	—	61,200	94,647,317
Net increase (decrease) in cash and cash equivalents	(2,142,192)	(9,222,278)	12,638,547
Cash and cash equivalents at beginning of period	14,780,739	25,974,041	—
Cash and cash equivalents at end of period	$ 12,638,547	$ 16,751,763	$ 12,638,547

See accompanying notes to unaudited condensed consolidated financial statements.

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

ADVENTRX Pharmaceuticals, Inc., a Delaware corporation ("ADVENTRX," "we" or the "Company"), prepared the unaudited interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual audited financial statements and should be read in conjunction with our audited consolidated financial statements and related notes for the year ended December 31, 2007 included in our Annual Report on Form 10-K filed with the SEC on March 17, 2008 ("2007 Annual Report"). The condensed consolidated balance sheet as of December 31, 2007 has been derived from the audited consolidated financial statements included in the 2007 Annual Report. In the opinion of management, these consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for the interim periods shown in this report are not necessarily indicative of results expected for the full year.

Since our inception, we have reported accumulated net losses of approximately $112.1 million and recurring negative cash flows from operations. In order to maintain sufficient cash and investments to fund future operations, and to continue developing our existing product candidates at the levels we believe optimizes their value, we will need to raise additional capital in the short-term and beyond through collaborations, licensing arrangements or other strategic transactions, public or private sales of our equity securities, and/or debt financings. The balance of securities available-for-sale under our existing shelf registration was approximately $60.0 million as of June 30, 2008, but we may be subject to limitations with respect to the number of securities we can sell under this shelf registration. If we are unable to raise capital as needed to fund future operations, then we may defer or abandon one or more of our research and development programs and/or our current commercialization plans for ANX-530 or ANX-514 and may also need to take additional cost-cutting measures, which could have a material and adverse effect on our ability to achieve our business objectives. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, SD Pharmaceuticals, Inc. and ADVENTRX (Europe) Ltd. All intercompany accounts and transactions have been eliminated in consolidation.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

3. Fair Value

Effective January 1, 2008, we adopted Statement of Financial Accounting Standards ("FAS") No. 157, "Fair Value Measurements" ("FAS 157"). In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 157-2, "Effective Date of FASB Statement No. 157," which provides a one year deferral of the effective date of FAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. As a result, we only partially adopted FAS 157 as it relates to our financial assets and liabilities until we are required to apply this pronouncement to our non-financial assets and liabilities beginning with fiscal year 2009. The adoption of FAS 157 did not have a material impact on our consolidated results of operations or financial condition.

FAS 157 defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined under FAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under FAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. FAS 157 describes a fair value hierarchy

based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table represents our fair value hierarchy for our financial assets (cash equivalents and short-term investments in securities) measured at fair value on a recurring basis as of June 30, 2008:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 11,542,750	$ —	$ —	$ 11,542,750
U.S. Government debt securities	9,431,245	—	—	9,431,245
Total	$ 20,973,995	$ —	$ —	$ 20,973,995

Effective January 1, 2008, we adopted FAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“FAS 159”). FAS 159 allows an entity the irrevocable option to elect to measure specified financial assets and liabilities in their entirety at fair value on a contract-by-contract basis. If an entity elects the fair value option for an eligible item, changes in the item’s fair value must be reported as unrealized gains and losses in earnings at each subsequent reporting date. In adopting FAS 159, we did not elect the fair value option for any of our financial assets or financial liabilities.

4. Share-Based Payments

Estimated share-based compensation expense related to equity awards granted to employees for the three and six months ended June 30, 2008 and 2007 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Selling, general and administrative expense	$ 216,053	$ 339,357	$ 548,774	$ 685,662
Research and development expense	139,788	249,696	445,484	503,400
Share-based compensation expense before taxes	355,841	589,053	994,258	1,189,062
Related income tax benefits	—	—	—	—
Share-based compensation expense	$ 355,841	$ 589,053	$ 994,258	$ 1,189,062
Net share-based compensation expense per common share — basic and diluted	$ 0.00	$ 0.01	$ 0.01	$ 0.01

Since we have a net operating loss carryforward as of June 30, 2008, no excess tax benefits for the tax deductions related to share-based awards were recognized in the condensed consolidated statement of operations. There were no employee stock options exercised in the six months ended June 30, 2008. For the six month period ended, June 30, 2007, employees exercised stock options to purchase 30,000 shares of common stock for aggregate proceeds of $61,200.

At June 30, 2008, total unrecognized estimated compensation cost related to non-vested employee and non-employee director share-based awards granted prior to that date was $3.0 million, which is expected to be recognized over a weighted-average period of 3.0 years. During the three and six months ended June 30, 2008, we granted 850,000 and 2,652,500 stock options, respectively, to our employees and non-employee directors with an estimated weighted-average grant-date fair value of $0.42 and $0.48 per share, respectively. During the three and six months ended June 30, 2007, we granted 459,000 and 1,111,333 stock options, respectively, to our employees and non-employee directors with the estimated weighted-average grant-date fair value of $2.23 and $2.40 per share, respectively.

	Three Months Ended June 30, 2008	2007	Six Months Ended June 30, 2008	2007
Weighted expected volatility	141.9%	137.8%	146.0%	138.0%
Average expected term (in years)	6.0	6.1	6.2	6.1
Average risk-free interest rate	3.3%	4.8%	3.0%	4.7%
Dividend yield	0	0	0	0

Estimated share-based compensation expense related to equity awards granted to non-employee consultants was ($166) and $13,000 for the three months ended June 30, 2008 and 2007, respectively, and $6,000 and $39,000 for the six months ended June 30, 2008 and 2007, respectively.

5. Net Loss Per Common Share

We calculate basic and diluted net loss per common share in accordance with the FAS No. 128, “Earnings Per Share”. Basic net loss per common share was calculated by dividing the net loss for the period by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per common share when their effect is dilutive. Because of the net loss, all of the options and warrants were excluded from the calculation.

We have excluded the following options and warrants from the calculation of diluted net loss per common share for the three and six months ended June 30, 2008 and 2007 because they are anti-dilutive, due to the net loss:

	2008	2007
Warrants	13,373,549	13,408,549
Options	6,003,231	4,686,540
	19,376,780	18,095,089

6. Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments and unrealized gains and losses on short-term investments. Our components of comprehensive loss consist of net loss and unrealized gains or losses on short-term investments in securities. For the three months ended June 30, 2008 and 2007, comprehensive loss was $6.4 million and $5.7 million, respectively. For the six months ended June 30, 2008 and 2007 and the period from inception (June 12, 1996) through June 30, 2008, comprehensive loss was $12.4 million, $10.8 million and $112.1 million, respectively.

7. Recent Accounting Pronouncements

In May 2008, the FASB issued FAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (“FAS 162”). FAS 162 is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are prepared in conformance with U.S. GAAP. Unlike Statement on Auditing Standards (SAS) No. 69, “*The Meaning of* Present Fairly in Conformity With GAAP,” FAS 162 is directed to the entity rather than the auditor. FAS 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, “*The Meaning of* Present Fairly in Conformity with GAAP,” and is not expected to have any impact on the Company’s consolidated results of operations, financial condition or liquidity.

In March 2008, the FASB issued FAS No. 161, “Disclosures About Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133” (“FAS 161”). FAS 161 expands quarterly disclosure requirements in FAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” about an entity’s derivative instruments and hedging activities. FAS 161 is effective for fiscal years beginning after November 15, 2008. We do not expect the adoption of FAS 161 to have a material impact on our consolidated results of operations or financial position.

In December 2007, the FASB issued FAS No. 141 (revised 2007) (“FAS 141R”), “Business Combinations”, which replaces FAS No. 141. FAS 141R retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. FAS 141R is effective for financial statements issued for fiscal year 2009 and will apply prospectively to business combinations completed on or after January 1, 2009. We are currently evaluating the impact of implementing FAS 141R on our consolidated financial position, results of operations and liquidity.

8. Licensing Revenue

In October 2006, we entered into a license agreement with Theragenex, LLC (“Theragenex”). Under the agreement, we granted Theragenex exclusive rights to develop and commercialize ANX-211 in the U.S. in exchange for a licensing fee of $1.0 million ($0.5 million of which we received in January 2007 and $0.5 million of which was due in June 2007), milestone payments and royalties. In May 2007, we received a letter from TRx Pharma, a subsidiary of Theragenex, that we believe was intended to constitute notice of termination of the agreement with Theragenex, though the letter did not explicitly state that it constituted notice of termination. In its letter, TRx Pharma requested a refund of the initial $0.5 million payment and, in subsequent discussions, indicated that it did not intend to pay the remaining $0.5 million. On July 3, 2007, we notified Theragenex that, among other things, its failure to make the final $0.5 million payment constituted a material breach of the agreement. On August 9, 2007, we delivered a letter to Theragenex confirming our termination of the agreement as a result of Theragenex’s breach, pursuant to the terms of the agreement.

In May 2008, we settled our dispute with Theragenex. In consideration of and conditioned upon Theragenex paying us $0.6 million, we and Theragenex agreed to jointly move to dismiss the underlying arbitration action, and in connection with dismissing the arbitration, we and Theragenex agreed to release each other from any and all claims related to our past relationship, including Theragenex’s rights under the license agreement.

For the six months ended June 30, 2007, we recognized $0.5 million in licensing revenue, which we received from Theragenex in January 2007, because our performance obligations were complete, collectability was reasonably assured and we had no continuing obligations for performance under the agreement. For the six months ended June 30, 2008, we recognized $0.5 million in licensing revenue, which represents a portion of the $0.6 million Theragenex settlement payment, because we met the criteria for revenue recognition. The additional $0.1 million was recognized as other income. Since January 2007, we received a total of $1.1 million from Theragenex.

9. Supplementary Cash Flow Information

	Six months ended June 30,		Inception (June 12, 1996) through
	2008	2007	June 30, 2008
Supplemental disclosures of cash flow information:			
Interest paid	$ —	$ —	$ 179,090
Income taxes paid	—	—	—

Noncash investing and financing transactions excluded from the condensed consolidated statements of cash flows for the six months ended June 30, 2008 and 2007 and for the period from inception (June 12, 1996) through June 30, 2008 are as follows:

	Six months ended June 30, 2008	Six months ended June 30, 2007	Inception (June 12, 1996) through June 30, 2008
Issuance of warrants, common stock and preferred stock for:			
Conversion of notes payable and accrued interest	$ —	$ —	$ 1,213,988
Prepaid services to consultants	—	—	1,482,781
Conversion of preferred stock	—	—	2,705
Acquisitions	—	—	24,781,555
Payment of dividends	—	—	213,000
Financial advisor services in connection with private placement	—	—	1,137,456
Acquisition of treasury stock in settlement of a claim	—	—	34,747
Cancellation of treasury stock	—	—	(34,747)
Assumptions of liabilities in acquisitions	—	—	1,235,907
Acquisition of license agreement for long-term debt	—	—	161,180
Cashless exercise of warrants	—	—	4,312
Dividends accrued	—	—	621,040
Trade asset converted to available-for-sale asset	—	—	108,000
Dividends extinguished	—	—	408,240
Trade payable converted to note payable	—	—	83,948
Issuance of warrants for return of common stock	—	—	50,852
Detachable warrants issued with notes payable	—	—	450,000
Purchases of equipment, which are included in accounts payable	12,382	25,828	12,382
Unrealized (gain) loss on short-term investments	10,035	(101)	7,333

10. Commitments and Contingencies

In the normal course of business, we may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are often not predictable with assurance.

In May 2008, we settled our dispute with Theragenex. See Note 8 “Licensing Revenue” for additional information.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under Item 1A of Part II, "Risk Factors," in this report and Item 1A of Part I, "Risk Factors," in our annual report on Form 10-K for the year ended December 31, 2007.

Overview

We are a biopharmaceutical company focused on in-licensing, developing and commercializing proprietary product candidates primarily for the treatment of cancer and infectious disease. We seek to improve the performance and commercial potential of existing treatments by addressing limitations associated with these treatment regimens.

Currently, we are focused primarily on advancing ANX-530 and ANX-514, which are novel emulsion formulations of currently marketed chemotherapy drugs. We are also developing ANX-510, or CoFactor®, which is a folate-based biomodulator designed to replace leucovorin as the preferred method to enhance the activity and reduce the associated toxicity of the widely used cancer chemotherapeutic agent 5-FU (5-fluorouracil).

We are a development stage company and have incurred annual net losses since inception. We have devoted substantially all of our resources to research and development ("R&D") or to acquisition of our product candidates. We have not yet marketed any products or generated any significant revenue from licensing our products or technology. As of June 30, 2008, our accumulated net losses amounted to $112.1 million. We expect that our R&D, selling, general and administrative ("SG&A") and other operating costs will continue to exceed revenues for the foreseeable future. In order to maintain sufficient cash and investments to fund future operations, and to continue developing our existing product candidates at the levels we believe optimizes their value, we will need to raise additional capital in the short-term and beyond through collaborations, licensing arrangements or other strategic transactions, public or private sales of our equity securities, and/or debt financings. If we are unable to raise capital as needed to fund future operations, then we may defer or abandon one or more of our R&D programs and/or our current commercialization plans for ANX-530 and ANX-514 and may also need to take additional cost-cutting measures which could have a material and adverse effect on our ability to achieve our business objectives.

As of June 30, 2008, we had cash, cash equivalents, and short-term investments of approximately $22.1 million, which we believe will be sufficient to sustain our operations through the first quarter of 2009. We cannot be sure that additional financing will be available when needed, or that, if available, financing will be obtained on terms favorable to us or our stockholders. Having insufficient funds may require us to delay, scale-back or eliminate some or all of our development programs, relinquish some or even all rights to product candidates, or renegotiate less favorable terms than we would otherwise choose. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern.

We intend to commercialize ANX-530 and ANX-514 ourselves. In that event, we will likely incur substantial costs undertaking the activities associated with preparing for commercial launch of a product, including establishing commercial-scale manufacturing capabilities and hiring sales personnel and creating and maintaining a sales and distribution organization and associated regulatory compliance infrastructure. Substantial costs may be incurred in advance of the United States Food and Drug Administration's ("FDA") decisions regarding marketing approvals of ANX-530 and ANX-514. We may also incur significant additional costs to continue the clinical development of CoFactor, depending on our assessment of the value of developing CoFactor independently in particular indications and cancer stages.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon consolidated financial statements that we have prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make a number of assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements and accompanying notes. On an on-going basis, we evaluate these estimates and assumptions, including those related to recognition of expenses in service contracts, license agreements, share-based compensation and registration payment arrangements. Management bases its estimates on historical information and assumptions believed to be reasonable under the

circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Fair Value. Effective January 1, 2008, we adopted FAS 157, "Fair Value Measurements". In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157," which provides a one year deferral of the effective date of FAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. As a result, we only partially adopted FAS 157 as it relates to our financial assets and liabilities until we are required to apply this pronouncement to our non-financial assets and liabilities beginning with fiscal year 2009. FAS 157 defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined under FAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under FAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. FAS 157 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The adoption of FAS 157 did not have a material impact on our consolidated results of operations or financial condition.

Effective January 1, 2008, we adopted FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities". FAS 159 allows an entity the irrevocable option to elect to measure specified financial assets and liabilities in their entirety at fair value on a contract-by-contract basis. If an entity elects the fair value option for an eligible item, changes in the item's fair value must be reported as unrealized gains and losses in earnings at each subsequent reporting date. In adopting FAS 159, we did not elect the fair value option for any of our financial assets or financial liabilities.

Revenue Recognition. We recognize revenue in accordance with Topic 13, "Revenue Recognition," and Emerging Issues Task Force Issue ("EITF") No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed and determinable; and (4) collectability is reasonably assured.

Revenue from license agreements is recognized based on the performance requirements of the agreement. Revenue is deferred for fees received before earned. Nonrefundable upfront fees that are not contingent on any future performance by us are recognized as revenue when revenue recognition criteria under Topic 13 and EITF 00-21 are met and the license term commences. Nonrefundable upfront fees, where we have ongoing involvement or performance obligations, are recorded as deferred revenue and recognized as revenue over the life of the contract, the period of the performance obligation or the development period, whichever is appropriate in light of the circumstances.

Payments related to substantive, performance-based milestones in an agreement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreement when they represent the culmination of the earnings process. Royalty revenue from licensed products will be recognized when earned in accordance with the terms of the applicable license agreements.

R&D Expenses. R&D expenses consist of expenses incurred in performing R&D activities, including salaries and benefits, facilities and other overhead expenses, clinical trials, research-related manufacturing services, contract services and other outside expenses. R&D expenses are charged to operations as they are incurred. Advance payments, including nonrefundable amounts, for goods or services that will be used or rendered for future R&D activities are deferred and capitalized. Such amounts will be recognized as an expense as the related goods are delivered or the related services are performed. If the goods will not be delivered, or services will not be rendered, then the capitalized advance payment is charged to expense.

Milestone payments that we make in connection with in-licensed technology or product candidates are expensed as incurred when there is uncertainty in receiving future economic benefits from the licensed technology or product candidates. We consider the future economic benefits from the licensed technology or product candidates to be uncertain until such licensed technology or product candidates are approved for marketing by the FDA or when other significant risk factors are abated. For expense accounting purposes, management has viewed future economic benefits for all of our licensed technology or product candidates to be uncertain.

Payments in connection with our clinical trials are often made under contracts with multiple contract research organizations that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation and vary from contract to contract and may result in uneven payment flows. Generally, these agreements set forth the scope of work to be performed at a fixed fee or unit price or on a time-and-material basis. Payments under these contracts depend on factors such as the successful enrollment or treatment of patients or the completion of other clinical trial milestones. Expenses related to clinical trials are accrued based on our estimates and/or representations from service providers regarding work performed, including actual level of patient enrollment, completion of patient studies, and clinical trials progress. Other incidental costs related to patient enrollment or treatment are accrued when reasonably certain. If the contracted amounts are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), we modify our accruals accordingly on a prospective basis. Revisions in scope of contract are charged to expense in the period in which the facts that give rise to the revision become reasonably certain. Because of the uncertainty of possible future changes to the scope of work in clinical trials contracts, we are unable to quantify an estimate of the reasonably likely effect of any such changes on our consolidated results of operations or financial position. Historically, we have had no material changes in our clinical trial expense accruals that would have had a material impact on our consolidated results of operations or financial position.

Purchased In-Process Research and Development. In accordance with FAS No. 141, “Business Combinations,” we immediately charge the costs associated with purchased in-process research and development (“IPR&D”) to statement of operations upon acquisition. These amounts represent an estimate of the fair value of purchased IPR&D for projects that, as of the acquisition date, had not yet reached technological feasibility, had no alternative future use, and had uncertainty in receiving future economic benefits from the purchased IPR&D. We determine the future economic benefits from the purchased IPR&D to be uncertain until such technology is approved by the FDA or when other significant risk factors are abated.

Share-based Compensation Expenses. Effective January 1, 2006, we accounted for share-based compensation awards granted to employees in accordance with the revised FAS No. 123, “Share-Based Payment” (“FAS 123R”) including the provisions of Staff Accounting Bulletins No. 107, “Share-Based Payment” and No. 110. Share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee’s requisite service period. We have no awards with market or performance conditions. As share-based compensation expense is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. Although estimates of share-based compensation expenses are significant to our consolidated financial statements, they are not related to the payment of any cash by us.

We estimate the fair value of stock option awards on the date of grant using the Black-Scholes option-pricing model (“Black-Scholes Model”). The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, a risk-free interest rate and expected dividends. We may elect to use different assumptions under the Black-Scholes Model in the future, which could materially affect our net income or loss and net income or loss per share.

We account for share-based compensation awards granted to non-employees in accordance with EITF No. 96-18, “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services” (“EITF 96-18”). Under EITF 96-18, we determine the fair value of the share-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either of (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached or (2) the date at which the counterparty’s performance is complete.

The above listing is not intended to be a comprehensive list of all of our accounting policies. In most cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP.

Results of Operations

A general understanding of the drug development process is critical to understanding our results of operations. Drug development in the U.S. and most countries throughout the world is a process that includes several steps defined by the FDA and similar regulatory authorities in foreign countries. The FDA approval processes relating to new drugs differ, depending on the nature of the particular drug for which approval is sought. With respect to any drug product with active ingredients not previously approved by the FDA, a prospective drug manufacturer is required to submit a new drug application ("NDA"), which includes complete reports of pre-clinical, clinical and laboratory studies and extensive manufacturing information to prove such product's safety and effectiveness. The NDA process generally requires, before the submission of the NDA, filing of an investigational new drug application, pursuant to which permission is sought to begin clinical testing of the new drug product. An NDA based on published safety and effectiveness studies conducted by others, or previous findings of safety and effectiveness by the FDA, may be submitted under Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act ("FDCA"). Development of new formulations of pharmaceutical products under Section 505(b)(2) of the FDCA may have shorter timelines than those associated with developing new chemical entities.

Generally, with respect to any drug product with active ingredients not previously approved by the FDA, an NDA must be supported by data from at least phase 1, phase 2 and phase 3 clinical trials. Phase 1 clinical trials can be expected to last from 6 to 18 months, phase 2 clinical trials can be expected to last from 12 to 24 months and phase 3 clinical trials can be expected to last from 18 to 36 months. However, clinical development timelines vary widely, as do the total costs of clinical trials and the likelihood of success. We anticipate that we will make determinations as to which R&D programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, our ongoing assessment of its market potential and our available resources.

Our expenditures on R&D programs are subject to many uncertainties, including whether we develop our product candidates with a partner or independently. At this time, due to such uncertainties and the risks inherent in the clinical and regulatory process, we cannot estimate with reasonable certainty the duration of or costs to complete our R&D programs or whether or when or to what extent we will generate revenues from the commercialization and sale of any of our product candidates. The duration and cost of our R&D programs, in particular those associated with clinical trials, vary significantly among programs or within a particular program as a result of a variety of factors, including:

- the number of trials necessary to demonstrate the safety and efficacy of a product candidate;
- the number of patients who participate in the trials;
- the number of sites included in the trials and rates of site approval for the trials;
- the rates of patient recruitment and enrollment;
- the duration of patient treatment and follow-up;
- the costs of manufacturing our product candidates; and
- the costs, requirements, timing of, and the ability to secure regulatory approvals.

The difficult process of seeking regulatory approvals for our product candidates, in particular those containing new chemical entities, and compliance with applicable regulations, requires the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could cause our R&D expenditures to increase and, in turn, have a material and unfavorable effect on our results of operations. We cannot be certain when, if ever, we will generate revenues from sales of any of our products.

While substantially all of our R&D expenses are transacted in U.S. dollars, certain of our expenses are required to be paid in foreign currencies and expose us to transaction gains and losses that could result from changes in foreign currency exchange rates. We include realized gains and losses from foreign currency transactions in operations as incurred.

Comparison of Three Months Ended June 30, 2008 and 2007

Revenue. Revenue of $0.5 million was recognized for the three months ended June 30, 2008. No revenue was recognized for the three months ended June 30, 2007. For the three months ended June 30, 2008, we recognized $0.5 million in licensing revenue, which represents a portion of the $0.6 million Theragenex settlement payment, because we met the criteria for revenue recognition (see Note 8, "Licensing Revenue", of the Notes to Condensed Consolidated Financial Statements (unaudited) in this report). The remainder of the payment was recorded as other income. We have not generated any revenue from product sales to date, and we do not expect to generate revenue from product sales until such time that we have obtained approval from a regulatory agency to sell one of our product candidates, which we cannot predict will occur.

R&D Expenses. We maintain and evaluate our R&D expenses by the type of cost incurred rather than by project. We maintain and evaluate R&D expenses by type primarily because of the uncertainties described above, as well as because we out-source a substantial portion of our work and our R&D personnel work across multiple programs rather than dedicating their time to one particular program. We began maintaining such expenses by type on January 1, 2005. The following table summarizes our consolidated R&D expenses by type for the three months ended June 30, 2008 compared to the same period in 2007:

	Three months ended June 30,			
	2008	2007	$ Variance	% Variance
External clinical study fees and expenses	$ 952,345	$ 1,746,161	$ (793,816)	(45%)
External non-clinical study fees and expenses (1)	2,651,533	1,385,580	1,265,953	91%
Personnel costs	767,729	858,173	(90,444)	(11%)
Share-based compensation expense	139,788	249,696	(109,908)	(44%)
Total	$ 4,511,395	$ 4,239,610	$ 271,785	6%

(1) External non-clinical study fees and expenses include preclinical, research-related manufacturing, quality assurance and regulatory expenses.

R&D expenses increased by $0.3 million, or 6%, to $4.5 million for the three months ended June 30, 2008, compared to $4.2 million for the comparable period in 2007. The increase in R&D expenses was primarily due to a $1.3 million increase in external research-related manufacturing and regulatory expenses for ANX-530 and ANX-514, offset by a $0.8 million decrease in external clinical trial expenses related to ANX-530 and CoFactor, a decrease of $0.1 million in personnel and related costs and a $0.1 million decrease in share-based compensation expense.

Selling, General and Administrative Expenses. SG&A expenses increased by $0.6 million, or 31%, to $2.6 million for the three months ended June 30, 2008, compared to $2.0 million for the comparable period in 2007. The increase was primarily due to a $0.2 million severance expense due to our former chief financial officer's departure in April 2008, as well as an increase of $0.4 million in consulting expenses for tax services related to a Section 382 analysis, market research for ANX-530 and legal expenses related to the Theragenex settlement.

Interest and Other Income. Interest and other income decreased by $0.3 million, or 54%, to $0.3 million for the three months ended June 30, 2008, compared to $0.6 million for the comparable period in 2007. The decrease was primarily attributable to lower interest income based on lower invested balances. The decrease was partially offset by $0.1 million received as part of the Theragenex settlement which was recorded as other income.

Net Loss. Net loss was $6.4 million, or $0.07 per share, for the three months ended June 30, 2008, compared to a net loss of $5.7 million, or $0.06 per share, for the comparable period in 2007.

Comparison of Six Months Ended June 30, 2008 and 2007

Revenue. Revenue for the six months ended June 30, 2008 and 2007 amounted to $0.5 million. For the six months ended June 30, 2008, we recognized $0.5 million in licensing revenue, which represents a portion of the $0.6 million Theragenex settlement payment, because we met the criteria for revenue recognition. The remainder of the payment was recorded as other income. Revenue for the six months ended June 30, 2007 represents the $0.5 million license fee paid by Theragenex in January 2007 under our license

agreement with Theragenex. We recognized that nonrefundable license fee as revenue in the period when the criteria for revenue recognition were met. We have not generated any revenue from product sales to date, and we do not expect to generate revenue from product sales until such time that we have obtained approval from a regulatory agency to sell one of our product candidates, which we cannot predict will occur.

R&D Expenses.

The following table summarizes our consolidated R&D expenses by type for the six months ended June 30, 2008 compared to the same period in 2007, and since January 1, 2005:

	Six months ended June 30,				January 1, 2005 through June 30, 2008
	2008	2007	$ Variance	% Variance	
External clinical study fees and expenses	$ 1,974,265	$ 3,276,088	$ (1,301,823)	(40%)	$ 21,799,882
External non-clinical study fees and expenses (1)	4,070,518	2,225,487	1,845,031	83%	12,430,293
Personnel costs	1,841,435	1,619,295	222,140	14%	8,115,466
Share-based compensation expense	445,484	503,400	(57,916)	(12%)	2,604,180
Total	$ 8,331,702	$ 7,624,270	$ 707,432	9%	$ 44,949,821

(1) External non-clinical study fees and expenses include preclinical, research-related manufacturing, quality assurance and regulatory expenses.

R&D expenses increased by $0.7 million, or 9%, to $8.3 million for the six months ended June 30, 2008, compared to $7.6 million for the comparable period in 2007. The increase in R&D expenses was primarily due to a $1.8 million increase in external research-related manufacturing and regulatory expenses for ANX-530 and ANX-514 and an increase of $0.2 million in personnel and related costs, offset by a $1.3 million decrease in external clinical trial expenses related to ANX-530 and CoFactor and a $58,000 decrease in share-based compensation expense.

Selling, General and Administrative Expenses. SG&A expenses increased by $0.2 million, or 4%, to $5.0 million for the six months ended June 30, 2008, compared to $4.8 million for the comparable period in 2007. The increase was primarily due to a $0.2 million increase in severance expense related to the departure of our former chief financial officer.

Interest and Other Income. Interest and other income for the six months ended June 30, 2008 was $0.6 million compared to $1.2 million for the comparable period in 2007. The decrease was primarily attributable to lower interest income based on lower invested balances. The decrease was partially offset by $0.1 million received as part of the Theragenex settlement which was recorded as other income.

Net Loss. Net loss was $12.4 million, or $0.14 per share, for the six months ended June 30, 2008, compared to a net loss of $10.8 million, or $0.12 per share, for the comparable period in 2007.

Liquidity and Capital Resources

Since our inception we have funded our operations primarily through sales of our equity securities. As of June 30, 2008, we had cash and cash equivalents and short-term investments in securities totaling $22.1 million, compared to $33.5 million as of December 31, 2007. The decrease in cash and investments in securities was attributed to cash used for operations. As of June 30, 2008, we had $12.6 million in cash and cash equivalents and $9.4 million in short-term investments in securities. To reduce risk, we recently purchased U.S. Treasury securities, which now comprise all of our cash equivalents and short-term investments. As a result, future interest income may be less than we earned in the past.

Operating Activities. Net cash used in operating activities was $11.5 million for the six months ended June 30, 2008, compared to $8.6 million for the comparable period in 2007. The increase in net cash used in operating activities was primarily due to: 1) a $1.5 million increase in net loss primarily due to an increase in R&D expenses and a decrease in interest income, 2) a $0.1 million net increase in adjustments for non-cash expenses, primarily related to decreased stock compensation and expenses and decreased accretion, and 3) a $1.5 million net decrease in operating assets and liabilities primarily due to decreases in accounts payable and accrued liabilities.

Investing Activities. Net cash provided by investing activities was $9.4 million for the six months ended June 30, 2008, compared to net cash used in investing activities of $0.7 million for the comparable period in 2007. Net cash provided by investing activities in the six months ended June 30, 2008 was primarily attributable to proceeds from sales and maturities of short-term investments in securities, net of purchases of short-term investments in securities.

Financing Activities. There were no financing activities in the six months ended June 30, 2008. Net cash provided by financing activities was $61,000 in the six months ended June 30, 2007 from the exercise of an employee's stock options.

Accrued Compensation and Payroll Taxes. Accrued compensation and payroll taxes were $0.9 million at June 30, 2008, compared to $0.6 million at December 31, 2007, an increase of $0.3 million, or 54%. The increase was primarily due to an increase of $0.2 million in the bonus accrual and an increase of $0.1 million in accrued severance payments related to our separation with our former president and chief medical officer in January 2008 and our former chief financial officer in April 2008.

Management Outlook

We believe that cash, cash equivalents, and short-term investments of approximately $22.1 million at June 30, 2008 should be sufficient to sustain our operations through the first quarter of 2009. However, in order to maintain sufficient cash and investments to fund future operations longer term, and to continue developing our existing product candidates at the levels we believe optimizes their value, we will need to raise additional capital in the short-term and beyond through collaborations, licensing arrangements or other strategic transactions, public or private sales of our equity securities, and/or debt financings. The balance of securities available-for-sale under our existing shelf registration was approximately $60.0 million as of June 30, 2008, but we may be subject to limitations with respect to the number of securities we can sell under this shelf registration. If we are unable to raise capital as needed to fund future operations, then we may defer or abandon one or more of our R&D programs and/or our current commercialization plans for ANX-530 and ANX-514 and may also need to take additional cost-cutting measures, which could have a material and adverse effect on our ability to achieve our business objectives. In addition, our ability to timely raise capital on commercially reasonable terms may be limited by requirements, rules and regulations of the Securities and Exchange Commission and the American Stock Exchange. If we raise additional funds by issuing equity securities, substantial dilution to existing stockholders would likely result. If we raise additional funds by incurring debt, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

We cannot be sure that additional financing will be available when needed, or that, if available, financing will be obtained on terms favorable to us or our stockholders. Having insufficient funds may require us to delay, scale-back or eliminate some or all of our development programs, relinquish some or even all rights to product candidates, or renegotiate less favorable terms than we would otherwise choose. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern.

We have held discussions with, and intend to continue to seek, potential partners regarding certain of our product candidates, though some of our product candidates could take several more years of development before they reach the stage of being partnerable with other companies on terms that we believe are appropriate. If we successfully consummate a partnering transaction, we may be entitled to upfront or license fees and milestone payments; however, any such fees and payments will depend on successfully consummating a transaction and achieving milestones under such arrangements.

For information regarding the risks associated with our need to raise capital to fund our ongoing and planned operations and limitations on our ability to do so, see Item 1A of Part I, "Risk Factors," in our annual report on Form 10-K for the year ended December 31, 2007.

Recent Accounting Pronouncements

See Note 7, "Recent Accounting Pronouncements," of the Notes to the Condensed Consolidated Financial Statements (unaudited) in this report for a discussion of recent accounting announcements and their effect, if any, on us.

Forward Looking Statements

This Quarterly Report on Form 10-Q, particularly in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes 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. All statements, other than statements of historical

fact, are statements that could be deemed forward-looking statements, including, but not limited to, statements regarding business strategy, expectations and plans, our objectives for future operations, including product development, and our future financial position. When used in this report, the words "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "expect," "indicate" and similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Item 1A of Part I, "Risk Factors," in our annual report on Form 10-K for the year ended December 31, 2007, and those discussed in other documents we file with the Securities and Exchange Commission. Except as required by law, we do not intend to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report and in the documents incorporated in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, we may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are often not predictable with assurance.

On October 11, 2007, we filed a demand for arbitration against Theragenex (doing business as TRx Pharma, LLC and/or TRx Pharmaceuticals, LLC) and David M. Preston, founder, Chairman, President and Chief Executive Officer of Theragenex in his individual capacity as the alter ego of Theragenex, seeking damages of up to $10 million with respect to breach of the license agreement, dated October 20, 2006, between us and Theragenex. We terminated the license agreement in August 2007 as a result of Theragenex's breach. In accordance with the terms of the license agreement, we filed our demand with the American Arbitration Association and requested that the hearing take place in San Diego, California. On November 8, 2007, Theragenex responded to our demand, asserting numerous affirmative defenses counterclaiming intentional misrepresentation, negligent misrepresentation and rescission and seeking a refund of its $0.5 million payment, plus interest, rescission of the license agreement and that we pay its reasonable attorneys fees and costs associated with the action. Also on November 8, 2007, Mr. Preston objected to his participation and being named as a respondent in the arbitration.

In May 2008, we settled our dispute with Theragenex. In consideration of and conditioned upon Theragenex paying us $0.6 million, we and Theragenex agreed to jointly move to dismiss the underlying arbitration action, and in connection with dismissing the arbitration, we and Theragenex agreed to release each other from any and all claims related to our past relationship, including Theragenex's license rights to the product.

Item 1A. Risk Factors

An investment in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described under Item 1A of Part I of our annual report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference into this report. The risks described in our annual report have not materially changed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

Our 2008 Annual Meeting of Stockholders was held on May 28, 2008. At this meeting, our stockholders voted on the following three proposals: (1) election of seven nominees to our board of directors to hold office until our 2009 Annual Meeting of Stockholders and until their successors are elected and qualified, (2) ratification of the appointment of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008, and (3) approval of the Company's 2008 Omnibus Incentive Plan.

Proposal No. 1: Election of Directors

Our stockholders voted to elect all seven director nominees to the board of directors. The votes regarding Proposal No. 1 were as follows:

Nominees:	Votes For	Votes Withheld
Mark N.K. Bagnall	62,917,591	2,163,539
Alexander J. Denner	61,877,190	3,203,940
Michael M. Goldberg	61,876,590	3,204,540
Evan M. Levine	62,559,749	2,521,381
Jack Lief	61,873,690	3,207,440
Mark J. Pykett	61,878,690	3,202,440
Eric K. Rowinsky	63,935,450	1,145,680

Proposal No. 2: Ratification of Independent Registered Public Accounting Firm

Our stockholders voted to ratify the appointment of J.H. Cohn LLP. The votes regarding Proposal No. 2 were as follows:

Votes For	Votes Withheld	Votes Abstained
64,337,035	342,980	401,115

Proposal No. 3: Approval of the Company's 2008 Omnibus Incentive Plan

Our stockholders voted to approve the Company's 2008 Omnibus Incentive Plan. The votes regarding Proposal No. 3 were as follows:

Votes For	Votes Withheld	Votes Abstained	Broker Non-Votes
21,042,119	3,899,847	513,660	39,625,505

Item 5. Other Information

None.

Item 6. Exhibits

An Exhibit Index has been attached as part of this report and is incorporated herein by reference.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADVENTRX Pharmaceuticals, Inc.

Date: August 11, 2008

By: /s/ Evan M. Levine
Evan M. Levine
Chief Executive Officer and President
(Principal Executive Officer)

Date: August 11, 2008

By: /s/ Mark N.K. Bagnall
Mark N.K. Bagnall
Chief Financial Officer and Executive Vice President
(Principal Financial and Accounting Officer)

Exhibit Index

Exhibit	Description
10.1#	Offer letter, dated April 1, 2008, to Mark N.K. Bagnall (including Exhibits A, B and C thereto)
10.2#(1)	Letter agreement, dated April 2, 2008, regarding terms of separation with Gregory P. Hanson
10.3#(1)	Consulting Agreement, dated April 2, 2008 with Gregory P. Hanson
10.4#(2)	ADVENTRX Pharmaceuticals, Inc. 2008 Omnibus Incentive Plan
10.5#	Form of Non-Statutory Stock Option Grant Agreement (for directors) under the 2008 Omnibus Incentive Plan
10.6#	Form of Non-Statutory/Incentive Stock Option Grant Agreement (for consultants/employees) under the 2008 Omnibus Incentive Plan
31.1	Certification of chief executive officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of chief financial officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification of chief executive officer and chief financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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* This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

\# Indicates management contract or compensatory plan

(1) Filed with the registrant's Current Report on Form 8-K on April 16, 2008 (SEC file number 001-32157-08760483)

(2) Filed with the registrant's Current Report on Form 8-K on June 2, 2008 (SEC file number 001-32157-08874724)

Exhibit 10.1

April 1, 2008

Mark N.K. Bagnall
5341 Golden Gate Avenue
Oakland, CA 94618

Dear Mark:

ADVENTRX Pharmaceuticals, Inc. (the "Company") is pleased to offer you full-time employment on the terms and conditions stated in this letter agreement. We would employ you as Executive Vice President, Chief Financial Officer and Treasurer reporting to Evan M. Levine, Chief Executive Officer and President. As a condition of and prior to beginning your employment, you must resign your positions on the Audit, Compensation and Nominating and Governance committees of our Board of Directors; while resigning from your position as a member of our Board of Directors is not a condition to employment, as required by our Corporate Governance Guidelines, you will no longer receive compensation for your services as a member of our Board of Directors.

1. We would initially compensate you at the rate of $350,000 per year, less payroll deductions and withholding, payable in accordance with our payroll policies. We will review your base salary from time to time (but no less frequently than annually) in accordance with our procedures for increasing salaries of similarly situated executives.

2. The Compensation Committee of our Board of Directors has approved a grant to you of an incentive stock option (to the maximum extent permitted by law and a nonstatutory stock option with respect to any remaining shares) to purchase up to 500,000 shares of our common stock under our 2005 Equity Incentive Plan pursuant to a Stock Option Agreement in substantially the form attached hereto as Exhibit A (the "Stock Option Agreement"), subject to and conditioned on (a) our not rescinding this offer of employment to you, or terminating an accepted offer, prior to the Start Date (as defined below), and (b) your acceptance of our offer of employment and commencement of employment with us on the Start Date. The grant date of this option will be the Start Date (the "Grant Date"), the vesting commencement date will be January 1, 2008, and the exercise price of this option will be equal to the closing price, as reported on the American Stock Exchange, of one share of our common stock on the Grant Date, or, if the Grant Date is a day on which the American Stock Exchange is closed, the next day on which the American Stock Exchange is open for trading. Subject to the discretion of our Board of Directors, you may receive additional stock options in the future based upon your performance and our overall success.

3. In addition and subject to the remainder of this Section 3 and Section 4, in the event of your Involuntary Termination (as defined below) (a) we will continue to pay in cash your base salary in effect immediately prior to the effective date of such Involuntary Termination, payable in accordance with our standard payroll practices and subject to applicable income and employment tax withholdings, for the number of months equal to the number of full 30-day periods you were employed by us as a full-time employee; provided, however, that in no event will such number of months exceed 12 (the "Severance Period") and (b) the Company will pay to you in cash, in accordance with the payment schedule set forth in clause (a) above and subject to applicable income and employment tax withholdings, all costs that the Company would otherwise have incurred to maintain your medical, dental and similar benefits, as well as matching contributions we would have made for your benefit under our 401(k) plan (based on the amount you contributed in the pay period immediately prior to the effective date of such Involuntary Termination, but subject to applicable maximums), if you had continued to render services to us after such effective date for the duration of the Severance Period. Prior to your receipt of any payment or benefit provided by this Section 3, you must (x) execute (and not revoke) a general release of claims and agreement in substantially the form attached hereto as Exhibit B, as such may be revised by the Company, acting reasonably, to reflect changes in legal requirements, or such other form as may be mutually agreed to by you and the Company (the "Release") and (y) submit your resignation as a member of our Board of

Directors to our Board of Directors, which resignation will be subject to acceptance by our Board of Directors; provided, however, that, if you do not submit your resignation, the payments described in clauses (a) and (b) above will begin (assuming you have executed (and not revoked) the Release) as soon as reasonably practicable following the first annual meeting of stockholders to occur after the effective date of such Involuntary Termination; provided, further, that, if the effective date of such Involuntary Termination takes place after the Company has first mailed materials to its stockholders related to the first annual meeting of stockholders to occur after the effective date of such Involuntary Termination, the payments described in clauses (a) and (b) above will begin (assuming you have executed (and not revoked) the Release) as soon as reasonably practicable following the date on which the Company mails materials to its stockholders related to the second annual meeting of stockholders to occur after the effective date of such Involuntary Termination; provided, further, that, at such time as you do submit your resignation and assuming such payments have not otherwise already been made or initiated, the payments described in clauses (a) and (b) above will begin (assuming you have executed (and not revoked) the Release) as soon as reasonably practicable following your submitting your resignation. Such release will specifically relate to all of your rights and claims and the Company's rights and claims in existence at the time of such execution that are waivable under applicable law and will confirm your obligations under the Company Confidentiality Agreement (as defined in Section 8). It is understood that you will have the applicable period specified in the Older Worker's Benefits Protection Act to consider whether to execute such release, and you may revoke such release within 7 calendar days after execution. In the event you do not execute such release within the applicable period, or if you revoke such release within the subsequent 7-calendar-day period, you will not be entitled to the payments and benefits described in this Section 3.

For purposes of this Agreement, an "Involuntary Termination" is one that occurs by reason of involuntary dismissal by the Company for any reason other than Misconduct (as defined below) or by your voluntary resignation for "Good Reason," which shall mean the occurrence of one of the following events or circumstances without your written consent: (i) a change in position that materially reduces the level of your responsibility, (ii) a material reduction in your base salary, or (iii) relocation by more than 50 miles from your then-primary work location; provided that your resignation shall not be for "Good Reason" unless (x) you provide the Company with written notice within thirty (30) days after you first have knowledge of the occurrence or existence of such event or circumstance, (y) the Company fails to correct the circumstance or event so identified within thirty (30) days after receipt of such written notice, and (z) you resign within ninety (90) days after the date of delivery of the notice. "Misconduct" shall mean the commission of any act of fraud, embezzlement or dishonesty by you, any unauthorized use or disclosure by you of confidential information or trade secrets of the Company (or any parent or subsidiary), or any other intentional misconduct by you adversely affecting the business affairs of the Company (or any parent or subsidiary) in a material manner.

4. You and the Company agree that this letter agreement is intended to comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A") or an exemption from Section 409A. In the event that after execution of this letter agreement either you or the Company makes a determination inconsistent with the preceding sentence, you or the Company t shall promptly notify the other of the basis for your or its determination. The parties agree to renegotiate in good faith the terms of this letter agreement if it is mutually determined that this letter agreement as structured would have adverse tax consequences to you. You and the Company agree that all payments to be made upon a termination of employment under this letter agreement may only be made upon a "separation from service" under Section 409A. You acknowledge and agree that any payment to be made or benefit to be provided to you pursuant to Section 3 will be delayed for the first 6 months to the extent necessary for this letter agreement and such payment or benefit to comply with Section 409A; provided that, if any payment to be made or benefit to be provided to you is delayed as a result of this Section 4, such payment or benefit will be paid to you in a lump-sum as soon as permitted under Section 409A. For purposes of this Agreement, each amount to be paid or benefit to be provided hereunder shall be construed as a separate identified payment for purposes of Section 409A. In addition, if we

reasonably determine that a change in applicable law following the date set forth above causes the payments to be made or benefits to be provided to be payable to you without delay but in another manner that complies with Section 409A, you and we agree to amend this letter agreement to reform the payment provisions set forth in Section 3 to provide to you economic benefits that are as close as reasonably possible to those contemplated by Section 3 but that still comply with Section 409A. Subject to the foregoing, this letter agreement will be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A.

5. As an executive, you would be entitled to participate in our medical, dental, life insurance, 401(k) plan and other benefits on the same terms as our other executives. These programs as well as other employee benefits and policies are described in further detail in our Policies and Procedures Manual. We reserve the right to modify or amend at our sole discretion the terms of any and all employee benefit programs from time to time without advance notice to our employees. Notwithstanding our employee vacation policy set forth in the Policies and Procedures Manual, you would be entitled to 20 vacation days per year, which would accrue in accordance with our general vacation accrual policy, including any maximum accrual limits set forth therein.

6. You will also participate in our 2008 Incentive Plan as a non-CEO executive on the terms and conditions set forth in such plan and will participate in any other short-term incentive/bonus plan that the Company may adopt from time to time on the same terms and conditions as generally applicable to the Company's other executives.

7. Your employment with us would be "at will" and not for a specified term. We make no express or implied commitment that your employment will have a minimum or fixed term, that we may take adverse employment action only for cause or that your employment is terminable only for cause. We may terminate your employment with or without cause and with or without advance notice at any time and for any reason. Any contrary representations or agreements that may have been made to you are superseded by this letter agreement. The at-will nature of your employment described by this letter agreement shall constitute the entire agreement between you and ADVENTRX concerning the nature and duration of your employment. Although your job duties, title and compensation and benefits may change over time, the at-will nature of your employment with us can only be changed in a written agreement signed by you and our Chief Executive Officer.

8. Our proprietary rights and confidential information are among our most important assets. In addition to signing this letter agreement, as a condition to your employment you must also sign the Confidential Information, Non-Solicitation and Invention Assignment Agreement for Employees attached hereto as Exhibit C (the "Company Confidentiality Agreement"). As more fully described in the Company Confidentiality Agreement, we require that in the course of your employment with us that you not use or disclose to us any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by us. During our discussions about your proposed job duties, you assured us that you would be able to perform those duties within the guidelines just described. Accordingly, you further agree that you will not bring on to our premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality.

9. In addition, as an employee, we require that you comply with all of our policies and procedures, including, without limitation, our Policies and Procedures Manual, our Code of Business Conduct and Ethics and our Insider Trading and Disclosure Policy, copies of which will, at your request, be provided to you prior to your beginning work with us. You may be required to sign certain documents acknowledging your receipt and understanding of these and other documents as an employee, even though you may

have signed such documents as a member of our Board of Directors. Violation of any or our policies or procedures would be cause for disciplinary action, including termination. For purposes of Section 6 of our Code of Business Conduct and Ethics, we acknowledge that you have disclosed to us that you serve on the boards of directors of VIA Pharmaceuticals, Inc. and Forticell Bioscience, Inc. and that we do not consider these relationships to create conflicts of interest with us; however, we reserve the right to reconsider this position from time to time as we become aware of other information regarding these relationships.

10. Your employment with us is also conditioned upon your ability to provide adequate documentation of your legal right to work in the United States, as well as educational credentials. If you make any misrepresentations to us or omit to state a material fact necessary in order to make another statement made not misleading, we may void this letter agreement or, if you are already employed, terminate your employment.

11. This letter agreement and documents attached hereto shall be governed pursuant to the laws of the State of California as applied to agreements between California residents entered into and to be performed entirely within California.

12. If any portion of this letter agreement shall, for any reason, be held invalid or unenforceable, or contrary to public policy or any law, the remainder of this letter agreement shall not be affected by such invalidity or unenforceability, but shall remain in full force and effect, as if the invalid or unenforceable term or portion thereof had not existed within this letter agreement.

13. We will reimburse your reasonable attorneys' fees actually incurred in connection with the review and negotiation of this letter agreement (including the exhibits hereto) and any related or ancillary documents, up to a maximum of $5,000, regardless of whether or not you accept our offer of employment set forth in this letter agreement.

14. If you accept the terms and conditions set forth in this letter agreement, we would like you to begin full time work with us on April 3, 2008 (the "Start Date"), and this letter agreement will be effective as of such date. I look forward to you joining us and being an integral and important part of our team. Please sign below to accept this offer and return the fully executed letter to me by April 2, 2008. You should keep one copy of this letter for your own records.

Sincerely,

ADVENTRX Pharmaceuticals, Inc.

/s/ Evan M. Levine
Evan M. Levine
Chief Executive Officer & President

ACCEPTED AND AGREED:

/s/ Mark N.K. Bagnall
Mark N.K. Bagnall

Date: April 2, 2008

Exhibit A

Stock Option Agreement

ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), and the undersigned person ("***Optionee***") have entered into this Stock Option Agreement (this "***Agreement***") effective as of the Grant Date set forth below. The Company has granted to Optionee the option (the "***Option***") to purchase the number of shares (the "***Shares***") of common stock, par value $0.001 per share, of the Company ("***Common Stock***") set forth below at the per Share purchase price (the "***Exercise Price***") set forth below, pursuant to the terms of this Agreement. The Option was granted under the Company's 2005 Equity Incentive Plan (the "***Plan***").

Optionee Name:	Mark N.K. Bagnall
Grant Date:	XX/XX/XXXX
Vesting Commencement Date:	January 1, 2008
Shares:	500,000
Exercise Price:	$X.XX

1. **Terms of Plan.** All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed thereto in the Plan. Optionee confirms and acknowledges that Optionee has received and reviewed copies of the Plan and the Information Statement, dated July 13, 2005, with respect to the Plan. Optionee and the Company agree that the terms and conditions of the Plan are incorporated in this Agreement by this reference.

2. **Nature of the Option.** The Option has been granted as an incentive to Optionee's Continuous Service, and is in all respects subject to such Continuous Service and all other terms and conditions of this Agreement. The Option is intended to be an Incentive Option within the meaning of the Plan.

3. **Vesting and Exercise of Option.** The Option shall vest and become exercisable during its term in accordance with the following provisions:

(a) **Vesting and Right of Exercise.**

(i) The Option shall vest and become exercisable with respect to one-fifth of the Shares at the first anniversary of the Vesting Commencement Date set forth in the preamble of this Agreement and as to one-fifth of the Shares on each anniversary of the Vesting Commencement Date thereafter until all of the Shares have vested, subject to Optionee's Continuous Service; provided, however, that, in the event of an Involuntary Termination (as defined in that certain letter agreement, dated April 1, 2008, by and between the Company and Optionee offering employment to Optionee (the "Offer Letter")) but subject to Optionee's timely execution of the general release of claims and agreement (the "Release") referred to in the Offer Letter and Optionee's not revoking the Release as described in

the Offer Letter, the Option shall vest and become exercisable, effective immediately prior to the effective date of such Involuntary Termination, with respect to (a) if the effective date of such Involuntary Termination occurs between January 1 and June 30 of a given calendar year, an additional 50,000 shares and (b) if the effective date of such Involuntary Termination occurs between July 1 and December 31 of a given calendar year, an additional 100,000 shares.

(ii) In the event of Optionee's death, disability or other termination of Optionee's Continuous Service, the Option shall be exercisable in the manner and to the extent provided in Section 6.3 of the Plan; provided, however, that, anything in Section 6.3(a)(i) of the Plan to the contrary notwithstanding but subject to Optionee's timely execution of the Release and Optionee's not revoking the Release as described in the Offer Letter, in the event of an Involuntary Termination, the Option shall remain exercisable for 180 days following the effective date of such Involuntary Termination.

(iii) No fraction of a Share shall be purchasable or deliverable upon exercise of the Option, but in the event any adjustment hereunder of the number of Shares shall cause such number to include a fraction of a Share, such number of Shares shall be rounded down to the nearest smaller whole number of Shares.

(b) **Method of Exercise.** In order to exercise any portion of the Option which has vested, Optionee shall notify the Company in writing of the election to exercise such vested portion of the Option and the number of Shares in respect of which the Option is being exercised, by executing and delivering the Notice of Exercise of Stock Option in the form attached hereto as Exhibit A (the "***Exercise Notice***"). The certificate or certificates representing Shares as to which the Option has been exercised shall be registered in the name of Optionee.

(c) **Restrictions on Exercise.**

(i) Optionee may exercise the Option only with respect to Shares that have vested in accordance with Section 3(a) of this Agreement.

(ii) Optionee may not exercise the Option if the issuance of the Shares upon such exercise or the method of payment of consideration for such Shares would constitute a violation of any applicable federal or state securities law or other law or regulation.

(iii) The method and manner of payment of the Exercise Price will be subject to the rules under Part 221 of Title 12 of the Code of Federal Regulations as promulgated by the Federal Reserve Board if such rules apply to the Company at the date of exercise.

(iv) As a condition to the exercise of the Option, the Company may require Optionee to make any representation or warranty to the Company at the time of exercise of the Option as in the opinion of legal counsel for the Company may be required by any applicable law or regulation, including the execution and delivery of an appropriate representation statement. Accordingly, the stock certificate(s) for the Shares issued upon exercise of the Option may bear appropriate legends restricting transfer.

(v) Optionee may only exercise the Option upon, and the obligations of the Company under this Agreement to issue Shares to Optionee upon any exercise of the Option is conditioned on, satisfaction of all federal, state, local or other withholding tax obligations associated with such exercise (whether so required to secure for the Company an otherwise available tax deduction or otherwise) ("***Withholding Obligations***"). The Company reserves the right to require Optionee to remit to the Company an amount sufficient to satisfy all Withholding Obligations prior to the issuance of any Shares upon any exercise of the Option. Optionee authorizes the Company to withhold in accordance with applicable law from any compensation payable to Optionee any amounts necessary to meet any Withholding Obligations.

4. **Non-Transferability of Option.** The Option may not be transferred in any manner other than by will or by the laws of descent and distribution. The terms of this Agreement shall bind the executors, administrators, heirs and successors of Optionee.

5. **Method of Payment.**

(a) Upon exercise, Optionee shall pay the aggregate Exercise Price of the Shares purchased by any of the following methods, or a combination thereof, at the election of Optionee:

(i) by cash;

(ii) by certified or bank cashier's check;

(iii) if shares of Common Stock are traded on an established stock market or exchange on the date of exercise, by surrender of whole shares of Common Stock having a Market Value equal to the portion of the Exercise Price to be paid by such surrender, provided that if such shares of Common Stock to be surrendered were acquired upon exercise of an Incentive Option, Optionee must have first satisfied the holding period requirements under Section 422(a)(1) of the Code; or

(iv) if shares of Common Stock are traded on an established stock market or exchange on the date of exercise, pursuant to and under the

terms and conditions of any formal cashless exercise program authorized by the Company entailing the sale of the Stock subject to an Option in a brokered transaction (other than to the Company).

(b) If Optionee shall pay all or a portion of the aggregate Exercise Price due upon an exercise of the Option by surrendering shares of Common Stock pursuant to Section 5(a)(iii), then Optionee:

(i) shall accompany the Exercise Notice with a duly endorsed blank stock power with respect to the number of shares of Common Stock to be surrendered and shall deliver the certificate(s) representing such surrendered shares to the Company at its principal offices within two business days after the date of the Exercise Notice;

(ii) authorizes and directs the Secretary of the Company to transfer so many of the shares of Common Stock represented by such certificate(s) as are necessary to pay the aggregate Exercise Price in accordance with this Agreement;

(iii) agrees that Optionee may not surrender any fractional share as payment of any portion of the Exercise Price; and

(iv) agrees that, notwithstanding any other provision in this Agreement, Optionee may only surrender shares of Common Stock owned by Optionee as of the date of the Exercise Notice in the manner and within the time periods allowed under Rule 16b-3 promulgated under the Exchange Act.

6. **Adjustments to Option.** Subject to any required action by the stockholders of the Company, the number of Shares covered by the Option, and the Exercise Price, shall be proportionately adjusted in accordance with and pursuant to Section 8.1 of the Plan. Such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided in this Agreement, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares or the Exercise Price.

7. **Term of Option.** The Option may not be exercised more than 10 years after the Grant Date, and may be exercised during such term only in accordance with the terms of this Agreement.

8. **Not Employment Contract.** Nothing in this Agreement shall confer upon Optionee any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate Optionee’s Continuous Service at any time for any reason whatsoever, with or without cause, subject to the provisions of applicable law.

9. **Tax Consequences Generally.** Optionee acknowledges that Optionee may suffer adverse tax consequences as a result of Optionee's exercise of the Option. Optionee acknowledges that the Company advises that Optionee consult with Optionee's tax advisers in connection with any exercise of the Option or disposition of the Shares receivable upon exercise of the Option. Optionee agrees that Optionee is not relying on the Company for any tax advice with respect to the acceptance or exercise of the Option, the disposition of any Shares Optionee may acquire upon exercise of the Option or otherwise. Any adverse consequences incurred by an Optionee with respect to the use of shares of Common Stock to pay any part of the aggregate Exercise Price or of any tax in connection with the exercise of an Option, including, without limitation, any adverse tax consequences arising as a result of a disqualifying disposition within the meaning of Section 422 of the Code shall be the sole responsibility of Optionee.

10. **Adjustments in Acquisitions.**

(a) Acceleration Following Change of Control Where Option Not Assumed or Replaced. In accordance with the provisions of Section 8.2(a) of the Plan, the Option will Accelerate in full in the event of an Acquisition constituting a Change of Control (as defined in the Plan) if Optionee remains employed by the Company or one of its Affiliates as of the closing date of such Acquisition, and the Option is not assumed or replaced by the successor or acquiring entity or the entity in control of such successor or acquiring entity in accordance with Section 8.2 (referred to for purposes of this section as the "***Acquirer***"). In this regard, if Optionee is offered employment or some other continuing role by or on behalf of the Acquirer, including but not limited to, continuing employment with the Company, and in connection therewith, the Acquirer offers to assume or replace the Option, the Option will not Accelerate if Optionee does not accept the offer.

(b) Acceleration In Connection With Involuntary Termination Preceding and in Connection with Change of Control. Notwithstanding the foregoing, however, the Option will Accelerate in full in the event of an Acquisition constituting a Change of Control, even if Optionee does not remain employed by the Company or one of its Affiliates as of the closing date of such Acquisition, if Optionee is the subject of an Involuntary Termination prior to such Acquisition and such Involuntary Termination is directly connected with or the result of such Acquisition.

(c) Acceleration In Connection With and Following Change of Control Where Option Assumed or Replaced. The foregoing notwithstanding, if the Option is assumed or replaced by the Acquirer, 50% of any unvested portion of the Option shall be deemed to have vested as of immediately prior to the closing date of such Acquisition and the remaining unvested portion of the Option (after taking into account the foregoing) shall vest ratably by month over the 12-month period beginning on the closing of such Acquisition, subject to Optionee's Continuous Service. In the event of Optionee's Involuntary Termination of employment within 12 months after the closing date of such Change of Control all remaining unvested shares under the assumed Option shall be

accelerated such that the Option will vest as of the effective date of such Involuntary Termination as to 100% of all Shares thereunder. .

11. **Consent of Spouse/Domestic Partner.** Optionee agrees that Optionee's spouse's or domestic partner's interest in the Option is subject to this Agreement and such spouse or domestic partner is irrevocably bound by the terms and conditions of this Agreement. Optionee agrees that all community property interests of Optionee and Optionee's spouse or domestic partner in the Option, if any, shall similarly be bound by this Agreement. Optionee agrees that this Agreement is binding upon Optionee's and Optionee's spouse's or domestic partner's executors, administrators, heirs and assigns. Optionee represents and warrants to the Company that Optionee has the authority to bind Optionee's spouse/domestic partner with respect to the Option. Optionee agrees to execute and deliver such documents as may be necessary to carry out the intent of this Section 11 and the consent of Optionee's spouse/domestic partner.

IN WITNESS WHEREOF, Optionee and the Company have entered into this Agreement as of the Grant Date.

ADVENTRX Pharmaceuticals, Inc.

Mark N.K. Bagnall

By: _____

Name: _____

Title: _____

Exhibit A

Notice of Exercise of Stock Option

I _____ (please print legibly) hereby elect to exercise the stock options(s) identified below (the "Option(s)") granted to me by **ADVENTRX Pharmaceuticals, Inc.** (the "Company") under its 2005 Equity Incentive Plan (the "Plan") with respect to the number of shares of Common Stock of the Company set forth below (the "Shares"). I represent that each Share is fully vested and exercisable and subject to the Option(s). I acknowledge and agree that my exercise of the Option(s) is subject to the terms and conditions of the Plan and the Stock Option Agreement(s) governing the Option(s).

1. _____ Shares at $ _____ per share (Grant date): _____
2. _____ Shares at $ _____ per share (Grant date): _____
3. _____ Shares at $ _____ per share (Grant date): _____
4. _____ Shares at $ _____ per share (Grant date): _____

I choose to pay for the exercise of the above option(s) as follows (please circle applicable item numbers):

1. **Cash**: $_____
2. **Check**: $_____ (please make checks payable to ADVENTRX Pharmaceuticals, Inc.)
3. **Surrender of _____ Shares**:

Please deliver the stock certificate(s) representing the Shares to (please print legibly):

_____

_____

_____

_____

Name: _____
(please print legibly)

Signature: _____

Date: _____

Phone No: _____

Exhibit B

GENERAL RELEASE OF CLAIMS AND AGREEMENT

Pursuant to that certain letter agreement, dated April 1, 2008, by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), and the undersigned ("***Executive***") offering employment to Executive (the "***Offer Letter***") and that certain Stock Option Agreement issued in connection with the Offer Letter (the "***Option Agreement***"), and in consideration of and as a condition precedent to the payments and benefits provided under Section 3 of the Offer Letter and other benefits provided under Sections 5(a)(i) and 5(a)(ii) of the Option Agreement, Executive hereby furnishes the Company with this General Release of Claims and Agreement (this "Release").

1. Ongoing Obligations. Executive hereby confirms Executive's obligations under the Company's Confidentiality Agreement (as defined in the Offer Letter) and the Company's Policies and Procedures Manual, Code of Business Conduct and Ethics, Insider Trading and Disclosure Policy and other policies applicable to Executive.

2. Release. On Executive's own behalf and on behalf of Executive's heirs, estate and beneficiaries, Executive hereby waives, releases, acquits and forever discharges the Company, and each of its parents, subsidiaries and affiliates, and each of their respective past or present officers, directors, agents, servants, employees, shareholders, predecessors, successors and assigns, and all persons acting by, through, under, or in concert with them, or any of them (the "***Released Parties***"), of and from any and all suits, debts, liens, contracts, agreements, promises, claims, causes of action, costs, expenses, attorneys' fees, damages, indemnities and obligations, known and unknown, fixed or contingent, suspected and unsuspected, disclosed and undisclosed ("***Claims***"), from the beginning of time to the date hereof, including without limitation, Claims that arose as a consequence of Executive's employment with the Company, or arising out of the termination of such employment relationship, or arising out of any act committed or omitted during or after the existence of such employment relationship, all up through and including the date on which this Release is executed, including, but not limited to, Claims which were, could have been, or could be the subject of an administrative or judicial proceeding filed by Executive or on Executive's behalf under federal, state or local law, whether by statute, regulation, in contract or tort.

3. Waiver of Civil Code Section 1542. Executive acknowledges that Executive has read and understands Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** Executive hereby expressly waives and relinquishes all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to the release of any unknown Claims Executive may have against the Company.

4. Claims Not Covered By Release. Notwithstanding the foregoing, nothing in this Release shall extend to claims which as a matter of law cannot be waived, such as a right to indemnification under applicable state law. In addition, nothing in this Release shall constitute a release by Executive of any claims or damages based on any right Executive may have to enforce the Company's executory obligations under the Offer Letter and the Option Agreement, any right Executive may have to vested or earned compensation and benefits, or Executive's eligibility for indemnification under applicable law, Company governance documents, Executive's indemnification agreement with the Company or under any applicable insurance policy with respect to Executive's liability as an employee or officer of the Company.

5. Covenant Not to Sue. On Executive's own behalf and on behalf of Executive's heirs, estate and beneficiaries, Executive promises and agrees that Executive will never sue any of the Released Parties with respect to any Claims covered by the provisions of this Release.

6. Non-Disparagement. On Executive's own behalf and on behalf of Executive's heirs, estate and beneficiaries, Executive agrees that Executive will not knowingly make any voluntary statements, written or verbal, or cause or encourage others to make any such statements, that defame or disparage the Company's business reputation, practices or conduct; provided, however, that nothing in this Section 6 will prevent Executive from testifying truthfully if compelled by legal process to do so. The Company will use

reasonable best efforts to cause its officers and directors not to knowingly make any voluntary, external statements, written or verbal, or cause or encourage others to make any such statements, that defame or disparage Executive; provided, however, that nothing in this Section 6 will prevent such officers and directors from testifying truthfully if compelled by legal process to do so.

7. ADEA Waiver. If Executive is 40 years of age or older at the time of the termination, Executive acknowledges that Executive is knowingly and voluntarily waiving and releasing any rights Executive may have under Age Discrimination in Employment Act of 1967, as amended ("ADEA"). Executive also acknowledges that the consideration given under the Offer Letter and Option Agreement for the release set forth herein is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing, as required by the ADEA and/or the Older Workers Benefits Protection Act, that: (A) his/her waiver and release do not apply to any rights or claims that may arise on or after the date Executive executes this Release; (B) Executive has the right to consult with an attorney prior to executing this Release; (C) Executive has 21 days to consider this Release (although Executive may choose to voluntarily execute this Release earlier); (D) Executive has 7 days following the execution of this Release to revoke the Release; and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the 8th day after this Release is executed by Executive, without Executive's having given notice of revocation. To be effective, such revocation must be in writing and received by the Company's General Counsel no later than 5:00 p.m. Pacific time on the 7th calendar day after this Release is signed by Executive. Executive acknowledges that no benefits or payments will be due Executive under this Release agreement until after the revocation period has expired.

8. Miscellaneous. This Release and its terms shall be construed under the laws of the State of California as applied to agreements between California residents entered into and to be fully performed within California. To the extent any provision of this Release shall be held invalid or unenforceable by a court of competent jurisdiction, it shall be considered deleted from this Release and the remainder of such provision and of this Release shall be unaffected and shall continue in full force and effect.

Executive further acknowledges that Executive has carefully read this Release, and knows and understands its contents and its binding legal effect. Executive acknowledges that by signing this Release, Executive does so of Executive's own free will, and that it is Executive's intention that Executive be legally bound by its terms.

_____
Mark N.K. Bagnall

_____
Date

ADVENTRX PHARMACEUTICALS, INC.

By: _____

Title: _____

Date: _____

Exhibit C

CONFIDENTIAL INFORMATION, NON-SOLICITATION AND INVENTION ASSIGNMENT AGREEMENT FOR EMPLOYEES

This Confidential Information, Non-Solicitation and Invention Assignment Agreement for Employees (this ***"Agreement"***) is made and entered into as of April 3, 2008 by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the ***"Company"***), and Mark N.K. Bagnall (***"Employee"***). Unless the context otherwise requires, the term "Company" shall also include all subsidiaries and any parent entity of the Company.

BACKGROUND

Employee's employment relationship with the Company is a relationship of confidence and trust between Employee and the Company.

The Company desires to protect its confidential or proprietary business and technical information that the Company has acquired or developed and will develop or acquire at substantial expense.

The Company desires to obtain protection against unfair competition from Employee and against unauthorized use by Employee of the Company's confidential or proprietary business and technical information and Employee is willing to grant the Company the benefits of certain rights and covenant to the Company for these purposes pursuant to this Agreement.

AGREEMENT

In consideration and as a condition of Employee's employment by the Company and the compensation paid therefor, the sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Confidential Information.

(a) Confidentiality. Except as herein provided, Employee agrees that during and after termination of Employee's employment by the Company, Employee (i) shall keep Confidential Information (as defined below) confidential and shall not directly or indirectly, use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of Confidential Information without the Company's prior written consent; (ii) shall refrain from any action or conduct which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of the Confidential Information; and (iii) shall follow recommendations made by the Board of Directors, officers or managers of the Company from time to time regarding Confidential Information. The term ***"Confidential Information"*** means Inventions (as defined in Section 2(b)), trade secrets, confidential information, knowledge or data of the Company, or any of its clients, customers, consultants, stockholders, licensees, licensors, vendors or affiliates, that Employee may produce, obtain or otherwise acquire or have access to during the course of Employee's employment by the Company (whether before or after the date of this Agreement), including, without limitation, business plans, records and affairs; customer files and lists; special customer matters; sales practices; methods and techniques; merchandising concepts, strategies and plans; sources of supply and vendors; special business relationships with vendors, agents, and brokers;

promotional materials and information; financial matters; mergers; acquisitions; sale or license of assets; equipment, technologies and processes; selective personnel matters; inventions; developments; product specifications; procedures; pricing information; intellectual property; know-how; technical data; software programs; algorithms; operations and production costs; processes; designs; formulas; ideas; plans; devices; materials; and other similar matters which are confidential to the Company. All Confidential Information and all tangible materials containing Confidential Information are and shall remain the sole property of the Company.

(b) Limitation. Employee shall have no obligation pursuant to this Agreement to maintain in confidence any Confidential Information that (i) is in the public domain at the time of disclosure, (ii) though originally Confidential Information, subsequently enters the public domain other than by breach of Employee's obligations hereunder or by breach of another person's or entity's confidentiality obligations, or (iii) is shown by reasonable evidence to have been known by Employee prior to disclosure to Employee by the Company.

(c) Former Employer or Contractor Information. Employee agrees that Employee has not and will not, during the term of Employee's employment by the Company, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which Employee has an agreement or duty to keep in confidence information acquired by Employee, if any, or (ii) bring onto the premises of the Company any document or confidential or proprietary information belonging to such employer, person or entity unless consented to in writing by such employer, person or entity. Employee will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.

(d) Information of Other Persons or Entities. Employee recognizes that the Company may have received, and in the future may receive, other persons or entities their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Employee agrees that Employee owes the Company and such other persons or entities, during Employee's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such other person or entity.

(e) Return of Confidential Material. In the event of termination of Employee's employment by the Company for any reason whatsoever, Employee agrees promptly to surrender and deliver to the Company all records, materials, equipment, drawings, documents and data of any nature pertaining to any Confidential Information or to Employee's employment by the Company, and Employee will not retain or take with him or her any tangible materials or electronically stored data, containing or pertaining to any Confidential Information that Employee may produce, acquire or obtain access to during the course of Employee's employment by the Company.

2. Inventions.

(a) Inventions Retained and Licensed. Employee has attached hereto, as *Exhibit A*, a list describing all inventions, ideas, improvements, designs and discoveries, whether or not patentable and whether or not reduced to practice, original works of authorship and trade secrets made or conceived by or belonging to Employee (whether made solely by Employee or jointly with others) that (i) were developed by Employee prior to Employee's employment by the Company (collectively, ***"Prior Inventions"***), (ii) relate to the Company's actual or proposed business, products or research and development, and (iii) are not assigned to the Company hereunder; or, if no such list is attached, Employee represents that there are no such Prior Inventions. Except to the extent set forth on *Exhibit A*, Employee hereby acknowledges that, if in the course of Employee's employment by the Company, Employee incorporates into a Company product, process or machine a Prior Invention owned by Employee or in which Employee has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide right and license to make, have made, modify, use, sell, sublicense and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Inventions. Except as provided in Section 2(e) hereof, Employee hereby assigns and transfers to the Company Employee's entire right, title and interest in and to all inventions, ideas, improvements, designs, works made for hire and discoveries (the ***"Inventions"***), whether or not patentable and whether or not reduced to practice, made or conceived by Employee, whether solely by Employee or jointly with others, during the period of Employee's employment by the Company that (i) relate in any manner to the actual or demonstrably anticipated business, work, or research and development of the Company, its affiliates or its subsidiaries, (ii) are developed in whole or in part on the Company's time or using the Company's equipment, supplies, facilities or Confidential Information, or (iii) result from or are suggested by any task assigned to Employee or any work performed by Employee for or on behalf of the Company, its affiliates or its subsidiaries, or by the scope of Employee's duties and responsibilities with the Company, its affiliates or its subsidiaries. In the event that Employee believes that Employee is entitled to ownership, either in whole or in part, of an Invention pursuant to Section 2(c) hereof, Employee shall notify the Company of such in writing. Except in such cases as the Chief Executive Officer of the Company confirms in writing that Employee is entitled to ownership, Employee agrees that all Inventions are the sole property of the Company; provided, however, that this Agreement does not require assignment of an Invention that qualifies fully for protection under Section 2870 of the California Labor Code (attached hereto as *Exhibit B*). Employee further acknowledges that all original works of authorship that are made by Employee, solely or jointly with others, within the scope of and during the period of Employee's employment by the Company and that are protectible by copyright are "works made for hire," as defined in the U.S. Copyright Act.

(c) Disclosure of Inventions. Employee agrees that in connection with any Invention: (i) Employee shall promptly disclose such Invention in writing to the Chief Executive Officer of the Company (which shall be received in confidence by the Company), regardless of whether Employee believes the Invention is protected by California Labor Code Section 2870, in order to permit the Company to claim rights to which it may be entitled

under this Agreement; and (ii) Employee shall, at the Company's request, promptly execute a written assignment of title to the Company for any Invention required to be assigned by Section 2(b) (an ***"Assignable Invention"*),** and Employee will preserve any such Assignable Invention as Confidential Information of the Company.

(d) Patent and Copyright Registrations. Employee agrees to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Assignable Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and other instruments that the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees the sole and exclusive right, title and interest in and to such Assignable Inventions, and any copyrights, patents or other intellectual property rights relating thereto. Employee further agrees that Employee's obligation to execute or cause to be executed, when it is in Employee's power to do so, any such instrument or papers shall continue after the termination of Employee's employment by the Company. If the Company is unable because of Employee's mental or physical incapacity or for any other reason to secure Employee's signature to apply for or to pursue any application for any U.S. or foreign patents or copyright registrations covering Assignable Inventions or original works of authorship assigned to the Company as above, then Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney-in-fact, to act for and in Employee's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Employee.

(e) Exception to Assignments. Employee understands that the provisions of this Agreement requiring assignment of Inventions to the Company may not apply to any Invention that qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as *Exhibit B*). Nevertheless, Employee shall disclose to the Company promptly in writing, pursuant to Section 2(c), any Inventions that Employee believes meet the criteria in California Labor Code Section 2870 and are not otherwise disclosed on *Exhibit A*.

(f) Other Obligations. Employee acknowledges that the Company from time to time may have agreements with other persons or with the U.S. Government, or agencies thereof, that impose obligations or restrictions on the Company regarding Inventions made during the course of work thereunder or regarding the confidential nature of such work. Employee agrees to be bound by all such obligations and restrictions and to take all action necessary to discharge the obligations of the Company thereunder.

3. Conflicting Activities.

(a) Prior Agreements. Employee represents and warrants to the Company that Employee is not currently subject to a non-competition, confidentiality or other such agreement with a former employer or any other person or entity which prohibits Employee

from entering into any employment relationship with the Company or performing the terms of this Agreement or which could be breached pursuant to Employee's employment by the Company or performance of the terms of this Agreement.

(b) Conflicting Activities. While employed by the Company, Employee will not work as an employee of or consultant to any other organization or engage in any other activities which conflict with Employee's obligations to the Company, without the express prior written approval of the Company; provided, however, that, for clarity, subject to the Company's Corporate Governance Guidelines, as such may be amended from time to time, Employee may (without the express prior written approval of the Company) serve on a total of three boards of directors (whether public or private companies), not including the Company's board of directors.

(c) Non-solicitation. Employee agrees that during the period of Employee's service to the Company and for one year after the date of termination of Employee's employment by the Company, Employee will not (i) induce, solicit, recruit or encourage any employee of or consultant to the Company to leave the employ of or terminate any relationship with the Company, or (ii) solicit the business of any client or customer of the Company using any Confidential Information (other than on behalf of the Company).

4. Notice to Third Persons. If Employee's employment by the Company is terminated, Employee hereby consents to the Company notifying Employee's new employer or other entity with which Employee has an employment or a consulting relationship about Employee's rights and obligations under this Agreement.

5. Conflicts. Employee has not entered into, and Employee agrees that Employee will not enter into, any oral or written agreement in conflict with the terms of this Agreement.

6. Miscellaneous.

(a) Interview Upon Termination. Employee agrees to meet with representatives of the Company upon or in connection with the termination of Employee's employment by the Company to discuss Employee's obligations under this Agreement.

(b) Equitable Relief. Employee agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the covenants set forth in this Agreement. Accordingly, Employee agrees that if Employee breaches this Agreement, including, without limitation, the provisions of Section 3(c), the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Employee further agrees that no bond or other security shall be required in obtaining such equitable relief and Employee hereby consents to such injunction's issuance and to the ordering of specific performance. In any legal proceeding commenced under this Section 6(b), the losing party shall pay the prevailing party's actual attorneys' fees and expenses incurred in the preparation for, conduct of or appeal or enforcement of judgment from the proceeding. The phrase "prevailing party"

shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

(c) Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by the laws of the state of California, without regard to the choice of law provisions thereof. Employee hereby expressly consents to the personal jurisdiction of the state and federal courts located in California for any lawsuit arising from or relating to this Agreement.

(d) Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and Employee relating to the subject matter herein and merges all prior discussions and agreements between the parties with respect that subject matter. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in Employee's duties, salary or compensation will not affect the validity or scope of this Agreement.

(e) Severability. In case any provision of this Agreement shall be found by a court of law to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

(f) Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon Employee's heirs, executors, administrators and other legal representatives and the Company's successors and assigns.

(g) Headings. The descriptive heading contained in this Agreement are included for convenience or reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Waiver.

(i) No failure on the part of either party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(ii) Neither party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege, condition or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

(i) Counterparts. This Agreement may be executed in counterparts. Any signature page delivered by electronic facsimile shall be binding to the same extent as an original signature page. Any party who delivers such a signature page agrees to later deliver an original counterpart to any party who requests it.

(j) No Employment Contract. Nothing in this Agreement, shall be construed to create a contract of employment, either express or implied-in-fact, for any fixed term or requiring cause for termination.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

EMPLOYEE

_____

Name: Mark N.K. Bagnall

ADVENTRX PHARMACEUTICALS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A

LIST OF PRIOR INVENTIONS

	Title	Date Developed	Description
1.			
2.			
3.			
4.			
5.			
6.			

_____ Additional sheets attached.

_____ No prior inventions, improvements or works of authorship to disclose.

EMPLOYEE

_____

Name: Mark N.K. Bagnall

Date: _____

EXHIBIT B

CALIFORNIA LABOR CODE SECTION 2870
EMPLOYMENT AGREEMENTS; ASSIGNMENT OF RIGHTS

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to the his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

Exhibit 10.5

ADVENTRX Pharmaceuticals, Inc. 2008 Omnibus Incentive Plan

Non-Statutory Stock Option Grant Agreement — Director

THIS NON-STATUTORY STOCK OPTION GRANT AGREEMENT- Director (this "Agreement"), effective as of _____, 20___(the "Grant Date"), is entered into by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and _____ (the "Grantee").

1. Grant of Option. The Company hereby grants to the Grantee a non-statutory stock option (the "Option") to purchase _____ shares of common stock of the Company, par value $0.001 per share (the "Shares"), at the exercise price of $_____ per Share (the "Exercise Price"). The Option is not intended to qualify as an incentive stock option under Section 422 of the Code.

2. Subject to the Plan. This Agreement is subject to the provisions of the ADVENTRX Pharmaceuticals, Inc. 2008 Omnibus Incentive Plan (the "Plan"), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Term of Option. Unless the Option terminates earlier pursuant to the provisions of this Agreement, the Option shall expire on the tenth anniversary of the Grant Date.

4. Vesting. The Option shall become vested with respect to 1/12 of the Shares at the end of each successive month after [the Grant Date] until all of the Shares have vested; provided, however, that the Grantee is then providing Services.

5. Exercise of Option

(a) Manner of Exercise. To the extent vested, the Option may be exercised, in whole or in part, by delivering written notice to the Company in accordance with paragraph (g) of Section 8 in such form as the Company may require from time to time. Such notice shall specify the number of Shares subject to the Option as to which the Option is being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan, except that payment with previously acquired Shares may only be made with the consent of the Committee**.** The Option may be exercised only in multiples of whole Shares and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Option and payment of the Exercise Price for the Shares as to which the Option is exercised, the Company shall issue to the Grantee the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Capitalization Adjustments. The number of Shares subject to the Option and the Exercise Price shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

6. Termination of Option

(a) Termination of Service Other Than Due to Death or Disability. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, three (3) years after the date the Grantee ceases to provide Services for any reason other than the Grantee's death or Disability. Except as provided in paragraphs (b) and (c) of this Section, any portion of the Option that is not vested at the time the Grantee ceases to provide Services shall immediately terminate.

(b) Death. Upon the Grantee's death, unless the Option has earlier terminated, to the extent the Option is not fully vested the Option shall become fully vested and exercisable. The Grantee's executor or personal representative, the person to whom the Option shall have been transferred by will or the laws of descent and distribution, or such other permitted transferee, as the case may be, may exercise the Option in accordance with paragraph (a) of Section 5, provided such exercise occurs within three (3) years after the date of the Grantee's death or the end of the term of the Option pursuant to Section 3, whichever is earlier.

(c) Disability. In the event that the Grantee ceases to provide Services by reason of Disability, unless the Option has earlier terminated (i) the Option shall become fully vested and exercisable and (ii) the Option may be exercised, in accordance with paragraph (a) of Section 5, provided such exercise occurs within three (3) years after the date of Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier. For purposes of this Agreement, "Disability" shall mean the Grantee's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Grantee has incurred a Disability shall be final and binding on all parties concerned.

(d) Automatic Extension of Exercise Period. Notwithstanding any provisions of paragraphs (a), (b) or (c) of this Section to the contrary, if exercise of the Option following termination of service during the time period set forth in the applicable paragraph or sale during such period of the Shares acquired on exercise would violate any of the provisions of the federal securities laws (or any Company policy related thereto), the time period to exercise the Option shall be extended until the later of (i) forty-five (45) days after the date that the exercise of the Option and sale of the Shares acquired on exercise would not be a violation of the federal securities laws (or a related Company policy), or (ii) the end of the time period set forth in the applicable paragraph.

7. Change in Control.

(a) Effect on Option. In the event of a Change in Control, the Option shall (i) vest and become exercisable on the day prior to the date of the Change in Control if the Grantee is then providing Services and (ii) terminate on the date of the Change in Control.

(b) Other Agreement or Plan. The provisions of this Section (including the definition of Cause), shall be superseded by the specific provisions, if any, of a written service or, if applicable, employment agreement between the Grantee and the Company, or a severance plan of the Company covering the Grantee, including a change in control severance agreement or plan, to the extent such a provision provides a greater benefit to the Grantee.

8. Miscellaneous.

(a) No Rights of Stockholder. The Grantee shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued upon the due exercise of the Option.

(b) No Registration Rights; No Right to Settle in Cash. The Company has no obligation to register with any governmental body or organization (including, without limitation, the U.S. Securities and Exchange Commission ("SEC")) any of (a) the offer or issuance of any Award, (b) any Shares issuable upon the exercise of any Award, or (c) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

(c) Nontransferability of Option. Except to the extent and under such terms and conditions as determined by the Committee, the Option shall be nontransferable otherwise than by will or the laws of descent and distribution, and during the lifetime of the Grantee, the Option may be exercised only by the Grantee or, during the period the Grantee is under a legal disability, by the Grantee's guardian or legal representative. Notwithstanding the foregoing, the Grantee may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Grantee's death, shall thereafter be entitled to exercise the Option.

(d) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(e) Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California, other than its conflict of laws principles.

(f) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(g) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

ADVENTRX Pharmaceuticals, Inc.
6725 Mesa Ridge Road, Suite 100
San Diego, CA 92121
Attention: General Counsel

Notice to the Grantee should be addressed to the Grantee at the Grantee's address as it appears on the records of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof).

The Company or the Grantee may by writing to the other party, designate a different address for notices.

If the receiving party consents in advance, notice may be transmitted and received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(h) Agreement Not a Contract. This Agreement (and the grant of the Option) is not an employment or service contract, and nothing in the Option shall be deemed to create in any way whatsoever any obligation on Grantee's part to continue as an employee or director of or consultant to the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof), or of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) to continue Grantee's service as such an employee, director or consultant.

(i) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

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

ADVENTRX PHARMACEUTICALS, INC.

By: _____

_____
Grantee

Exhibit 10.6

ADVENTRX Pharmaceuticals, Inc. 2008 Omnibus Incentive Plan

[Non-Statutory] [Incentive] Stock Option Grant Agreement

THIS [NON-STATUTORY] [INCENTIVE] STOCK OPTION GRANT AGREEMENT (this "Agreement"), effective as of _____, 20___(the "Grant Date"), is entered into by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and _____ (the "Grantee").

1. Grant of Option. The Company hereby grants to the Grantee a [non-statutory] stock option (the "Option") to purchase _____ shares of common stock of the Company, par value $0.001 per share (the "Shares"), at the exercise price of $ _____ per Share (the "Exercise Price"). The Option is [not] intended to qualify as an incentive stock option under Section 422 of the Code.

2. Subject to the Plan. This Agreement is subject to the provisions of the ADVENTRX Pharmaceuticals, Inc. 2008 Omnibus Incentive Plan (the "Plan"), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Term of Option. Unless the Option terminates earlier pursuant to the provisions of this Agreement, the Option shall expire on the tenth anniversary of the Grant Date.

4. Vesting. The Option shall become vested with respect to one-fourth of the Shares on [Month/Day/Year] and as to one forty-eighth of the Shares at the end of each successive month thereafter until all of the Shares have vested; provided, however, that the Grantee is then providing Services.

5. Exercise of Option

(a) Manner of Exercise. To the extent vested, the Option may be exercised, in whole or in part, by delivering written notice to the Company in accordance with paragraph (g) of Section 8 in such form as the Company may require from time to time. Such notice shall specify the number of Shares subject to the Option as to which the Option is being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan, except that payment with previously acquired Shares may only be made with the consent of the Committee. The Option may be exercised only in multiples of whole Shares and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Option and payment of the Exercise Price for the Shares as to which the Option is exercised, the Company shall issue to the Grantee the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Capitalization Adjustments. The number of Shares subject to the Option and the Exercise Price shall be equitably and appropriately adjusted, if applicable, as provided in Section 12.2 of the Plan.

(d) Withholding. No Shares will be issued on exercise of the Option unless and until the Grantee pays to the Company, or makes satisfactory arrangements with the Company for payment of, any federal, state or local taxes required by law to be withheld in respect of the exercise of the Option. The Grantee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the applicable taxes. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Grantee on exercise of the Option, up to the Grantee's minimum required withholding rate or such other rate that will not trigger a negative accounting impact.

(e) Notice of Disposition. Grantee agrees to notify the Company in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of the Option that occurs within the later of two (2) years after the Grant Date or within one (1) year after such Shares are transferred to the Grantee.

6. Termination of Option

(a) Termination of Employment or Service Relationship Other Than Due to Retirement, Death, Disability or Cause. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, ninety (90) days after the date the Grantee ceases to provide Services for any reason other than, as applicable, the Grantee's Retirement, death, Disability or termination for Cause. Except as provided in paragraphs (b), (c) or (d) of this Section, any portion of the Option that is not vested at the time the Grantee ceases to provide Services shall immediately terminate.

(b) Retirement. Upon the Retirement of the Grantee, unless the Option has earlier terminated, the Option shall continue in effect (and, for purposes of vesting pursuant to Section 4, the Grantee shall be deemed to continue to be providing Services) until the earlier of (i) two (2) years after the Grantee's Retirement (or, if later, the fifth anniversary of the Grant Date) or (ii) the expiration of the Option's term pursuant to Section 3. For purposes of this Agreement, "Retirement" shall mean termination of the Grantee's employment with the Company and its Subsidiaries, or a successor company (or a subsidiary or parent thereof) and their respective subsidiaries, other than for Cause (a) if (i) the Grantee is then at least age 60 and (ii) the sum of the Grantee's age and years of continuous service with the Company and its Subsidiaries is then equal to at least 70 or (b) if the Committee characterizes such termination as a "Retirement" for purposes of this Agreement. For clarity, this Section 6(b) shall apply only to Grantees who are Employees at the time of termination.

(c) Death. Upon the Grantee's death, unless the Option has earlier terminated, the Grantee's executor or personal representative, the person to whom the Option shall have been transferred by will or the laws of descent and distribution, or such other permitted transferee, as the case may be, may exercise the Option in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within twelve (12) months after the date of the Grantee's death or the end of the term of the Option pursuant to Section 3, whichever is earlier.

(d) Disability. In the event that the Grantee ceases to provide Services by reason of Disability, unless the Option has earlier terminated, the Option may be exercised, in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within six (6) months after the date of Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier. For purposes of this Agreement, "Disability" shall mean the Grantee's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Grantee has incurred a Disability shall be final and binding on all parties concerned.

(e) Termination for Cause. Upon termination by the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) of the Grantee's employment or service relationship for Cause, unless the Option has earlier terminated, the Option shall immediately terminate in its entirety and shall thereafter not be exercisable to any extent whatsoever. For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Grantee and the Company or a severance plan of the Company covering the Grantee (including a change in control severance agreement or plan), "Cause" shall mean: the commission of any act of fraud, embezzlement or dishonesty by Grantee, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof), or any other intentional misconduct by such person adversely affecting the business affairs of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) in a material manner.

(f) Automatic Extension of Exercise Period. Notwithstanding any provisions of paragraphs (a), (b), (c) or (d) of this Section to the contrary, if exercise of the Option following termination of employment or service during the time period set forth in the applicable paragraph or sale during such period of the Shares acquired on exercise would violate any of the provisions of federal securities laws (or any Company policy related thereto), the time period to exercise the Option shall be extended until the later of (i) forty-five (45) days after the date that the exercise of the Option and sale of the Shares acquired on exercise would not be a violation of federal securities laws (or a related Company policy), or (ii) the end of the time period set forth in the applicable paragraph.

7. Change in Control.

(a) Effect on Option. In the event of a Change in Control, to the extent the successor company (or a subsidiary or parent thereof) does not assume or substitute for the Option on substantially the same terms and conditions (which may include settlement in the common stock of the successor company (or a subsidiary or parent thereof)), the Option shall (i) vest and become exercisable on the day prior to the date of the Change in Control if the Grantee (A) is then providing Services or (B) was terminated without Cause as an Employee, Consultant or Director in connection with or in contemplation of the Change in Control and (ii) terminate on the date of the Change in Control. In the event of a Change in Control and solely if the Grantee was an Employee on the date of the Change of Control and is an Employee on the date of termination (as contemplated below), in both cases regardless of whether the Grantee was also a

Director on such dates, to the extent the successor company (or a subsidiary or parent thereof) assumes or substitutes for the Option on substantially the same terms and conditions (which may include providing for settlement in the common stock of the successor company (or a subsidiary or parent thereof)), if within 24 months following the date of the Change in Control the Grantee's employment is terminated by the Company or a Subsidiary or the successor company (or a subsidiary or parent thereof) without Cause or by the Grantee for Good Reason, the Option shall become fully vested and exercisable, and may be exercised by the Grantee at any time until the tenth anniversary of the Grant Date.

(b) Good Reason. For purposes of this Agreement, except as otherwise provided in paragraph (c) of this Section, "Good Reason" shall mean, in each case without Grantee's explicit written consent, which Grantee may withhold or provide in Grantee's sole and absolute discretion, (i) a reduction by the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) of more than 10% in Grantee's rate of annual base salary as in effect immediately prior to such Change in Control; (ii) a reduction by the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) of more than 10% of Grantee's individual annual target or bonus opportunity, except under circumstances where the Company or the Subsidiary or the successor company (or a subsidiary or parent thereof) implement changes to the bonus structure of similarly situated employees, including but not limited to changes to the bonus structure designed to integrate the Company's or the Subsidiary's personnel with other personnel of the successor company (or a subsidiary or parent thereof); (iii) a change in position that materially reduces Grantee's level of responsibility, including the level of person to whom Grantee reports; or (iv) a relocation (A) of more than 50 miles from Participant's primary office location at the time of the Change in Control or (B) that would reasonably be expected to increase Grantee's commute such that Grantee's commute would reasonably be expected to be more than a total of 1.5 hours per day.

(c) Other Agreement or Plan. The provisions of this Section (including the definitions of Cause and Good Reason), shall be superseded by the specific provisions, if any, of a written employment or severance or service agreement between the Grantee and the Company or a severance plan of the Company covering the Grantee, including a change in control severance agreement or plan, to the extent such a provision provides a greater benefit to the Grantee.

8. Miscellaneous.

(a) No Rights of Stockholder. The Grantee shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued upon the due exercise of the Option.

(b) No Registration Rights; No Right to Settle in Cash. The Company has no obligation to register with any governmental body or organization (including, without limitation, the U.S. Securities and Exchange Commission ("SEC")) any of (a) the offer or issuance of any Award, (b) any Shares issuable upon the exercise of any Award, or (c) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon

exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

(c) Nontransferability of Option. [For use only with NSOs:] [Except to the extent and under such terms and conditions as determined by the Committee, the] [For use only with ISOs:] [The] Option shall be nontransferable otherwise than by will or the laws of descent and distribution, and during the lifetime of the Grantee, the Option may be exercised only by the Grantee or, during the period the Grantee is under a legal disability, by the Grantee's guardian or legal representative. Notwithstanding the foregoing, the Grantee may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Grantee's death, shall thereafter be entitled to exercise the Option.

(d) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(e) Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California, other than its conflict of laws principles.

(f) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(g) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

ADVENTRX Pharmaceuticals, Inc.
6725 Mesa Ridge Road, Suite 100
San Diego, CA 92121
Attention: General Counsel

Notice to the Grantee should be addressed to the Grantee at the Grantee's address as it appears on the records of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof).

The Company or the Grantee may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and

received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(h) Agreement Not a Contract. This Agreement (and the grant of the Option) is not an employment or service contract, and nothing in the Option shall be deemed to create in any way whatsoever any obligation on Grantee's part to continue as an employee or director of or consultant to the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof), or of the Company or a Subsidiary or a successor company (or a subsidiary or parent thereof) to continue Grantee's service as such an employee, director or consultant.

(i) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

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

ADVENTRX PHARMACEUTICALS, INC.

By: _____

_____

Grantee

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Evan M. Levine, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ADVENTRX 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), 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 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 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: August 11, 2008

/s/ Evan M. Levine

Evan M. Levine
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark N.K. Bagnall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ADVENTRX 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), 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 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 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: August 11, 2008

/s/ Mark N.K. Bagnall

Mark N.K. Bagnall
Chief Financial Officer and Executive Vice President
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of ADVENTRX Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Evan M. Levine, Chief Executive Officer and President of the Company, certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2008

/s/ Evan M. Levine
Evan M. Levine
Chief Executive Officer and President

In connection with the Quarterly Report of ADVENTRX Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark N.K. Bagnall, Chief Financial Officer and Executive Vice President of the Company, certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2008

/s/ Mark N.K. Bagnall
Mark N.K. Bagnall
Chief Financial Officer and Executive Vice President