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

**FORM 8-K**

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

Date of report (Date of earliest event reported): September 8, 2006

**ADVENTRX Pharmaceuticals, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-15803**  
(Commission File No.)

**84-1318182**  
(IRS Employer Identification No.)

**6725 Mesa Ridge Road, Suite 100**  
**San Diego, CA 92121**  
(Address of Principal Executive Offices and Zip Code)

**N/A**  
(Former name or former address if changed since last report)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **TABLE OF CONTENTS**

[Item 1.01. Entry into a Material Definitive Agreement.](#)

[Item 1.02. Termination of a Material Definitive Agreement.](#)

[Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.](#)

[Item 9.01. Financial Statements and Exhibits.](#)

[SIGNATURE](#)

[INDEX TO EXHIBITS](#)

[EXHIBIT 10.1](#)

[EXHIBIT 10.2](#)

[EXHIBIT 10.3](#)

[EXHIBIT 99.1](#)

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**Item 1.01. Entry into a Material Definitive Agreement.**

On September 8, 2006, ADVENTRX Pharmaceuticals, Inc. (the “Company”) announced that James A. Merritt, M.D., age 55, has been appointed President, a position previously held by Evan M. Levine, who will continue to serve as Chief Executive Officer. Dr. Merritt will also serve as Chief Medical Officer, a newly created position, and will report in both capacities to Mr. Levine. In connection with his employment, the Company and Dr. Merritt entered into a letter agreement (the “Offer Letter”) that had attached to it a form of Stock Option Agreement (the “Option Agreement”). Dr. Merritt has more than 20 years’ experience in drug development and has held senior positions at Imagine Pharmaceuticals, Introgen Therapeutics, Viagene and IDEC Pharmaceuticals. From July 14, 2005 through September 7, 2006, Dr. Merritt consulted for the Company acting as chief medical advisor on various clinical matters. From 2003 to the present, Dr. Merritt has been Chief Executive Officer and a member of the Board of Directors of Imagine Pharmaceuticals, a privately-held venture-backed biotechnology company focused on the development of small molecules that enable the delivery of cancer therapeutics to metastatic and primary brain tumors that is currently in the process of dissolving. From February 1996 to 2003, Dr. Merritt held various positions at Introgen Therapeutics, a biopharmaceutical company focused on the discovery, development and commercialization of targeted molecular therapies for the treatment of cancer and other diseases, most recently as its Chief Medical Officer. Dr. Merritt holds an M.D. from the University of Vermont and a B.A. from Johns Hopkins University. Dr. Merritt completed a research fellowship in viral oncology and a clinical fellowship at the University of Wisconsin, Madison, Department of Human Oncology, and holds board certifications in Internal Medicine and Medical Oncology.

As set forth in the Offer Letter, Dr. Merritt’s current annual base salary is \$325,000. Dr. Merritt’s employment with the Company is at-will but, in the event of Dr. Merritt’s “involuntary termination” (as defined in the Option Agreement), subject to Dr. Merritt’s execution of a mutual release, Dr. Merritt will receive an amount equal to his base salary for the 6-month period immediately prior to the effective date of such involuntary termination, payable in 6 substantially equal installments over the 6-month period following such effective date, and the Company will pay all costs the Company would otherwise have incurred to maintain Dr. Merritt’s health, welfare and retirement benefits if Dr. Merritt had continued to render services to the Company for 6 months after such effective date. Dr. Merritt is entitled to 30 vacation days per year.

As set forth in the Offer Letter and Stock Option Agreement, the Company will recommend to its Board of Directors (the “Board”) that Dr. Merritt be issued under the Company’s 2005 Equity Incentive Plan (the “Plan”) an incentive stock option (within the meaning of the Plan) to purchase up to 300,000 shares of the Company’s common stock. The “grant date,” “vesting commencement date” and “exercise price” (as such terms are defined in the Option Agreement) will be determined by the Board, or a committee of the Board, pursuant to its standard practices. The shares underlying this option will vest and become exercisable monthly over 4 years beginning on Dr. Merritt’s vesting commencement date. Despite the foregoing vesting schedule, in the event of Dr. Merritt’s involuntary termination, and subject to Dr. Merritt’s execution of a mutual release, that number of shares underlying this option will vest and become exercisable, effective immediately prior to the effective date of such involuntary termination, that would have vested and become exercisable had Dr. Merritt remained in “continuous service” (as defined in the Plan) for 6 months following such effective date, and Dr. Merritt will have 180 days

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## Table of Contents

following the effective date of such involuntary termination to exercise this option. In addition, despite the foregoing vesting schedule, in the event of an “acquisition” constituting a “change-in-control” (as such terms are defined in the Option Agreement), 50% of any unvested shares underlying this option will vest and become exercisable as of the closing date of such acquisition and the remaining unvested shares underlying this option will vest ratably by month over the 12-month period beginning on the closing of such acquisition, subject to Dr. Merritt’s continuous service. In addition, in the event of Dr. Merritt’s involuntary termination within 24 months of an acquisition constituting a change-in-control, that number of unvested shares underlying this option will vest and become exercisable, as of the effective date of such involuntary termination, that would have vested and become exercisable had Dr. Merritt remained in continuous service for 24 months following such effective date.

In connection with Dr. Merritt’s consulting services, through June 30, 2006 the Company paid Dr. Merritt a total of \$286,625, and anticipates paying Dr. Merritt approximately an additional \$65,000 for services through September 7, 2006. Also in connection with Dr. Merritt’s consulting services, the Company and Dr. Merritt entered into a Restricted Share Award Agreement, dated April 5, 2006, under which Dr. Merritt was issued 5,000 shares of the Company’s common stock, all of which shares were subject to a “risk of forfeiture” (as defined in such agreement). At the end of each calendar month after January 1, 2006, subject to Dr. Merritt’s continuous service, such risk of forfeiture will lapse with respect to 1/12<sup>th</sup> of such shares and such portion of such shares will vest and become free of any restriction under such agreement.

A complete copy of the Offer Letter (including the Option Agreement attached thereto) is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Also, on September 8, 2006, the Company announced that Carrie Carlander has resigned from her positions as the Company’s Chief Financial Officer, Vice President of Finance, Treasurer and Secretary. In connection with Ms. Carlander’s resignation, she and the Company entered into a Severance Agreement and Release of All Claims, dated September 7, 2006 (the “Severance Agreement”), and a Consulting Agreement, dated September 7, 2006 (the “Consulting Agreement”).

As set forth in the Severance Agreement, in exchange for a release and the termination of options held by Ms. Carlander to purchase shares of the Company’s common stock, the Company issued to Ms. Carlander under the Plan 93,611 fully-vested shares of the Company’s common stock, less applicable withholding taxes. As set forth in the Consulting Agreement, in consideration of \$16,666.67 per calendar month plus the actual amount paid by Ms. Carlander for COBRA continuation coverage, Ms. Carlander will consult for the Company on an as-needed basis. The Company may terminate the Consulting Agreement at any time upon notice as set forth in the Consulting Agreement. A complete copy of the Severance Agreement is filed herewith as Exhibit 10.2 and incorporated herein by reference. A complete copy of the Consulting Agreement is filed herewith as Exhibit 10.3 and incorporated herein by reference.

On September 8, 2006, the Company issues a press release announcing the appointment of Dr. Merritt as President and Chief Medical Officer and Ms. Carlander’s resignation, which press release is filed herewith as Exhibit 99.1.

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## [Table of Contents](#)

### **Item 1.02. Termination of a Material Definitive Agreement.**

In connection with Dr. Merritt's appointment as the Company's President and Chief Medical Officer, the consulting agreement between the Company and Dr. Merritt was terminated. For additional details regarding Dr. Merritt's employment, please see the disclosures under Item 1.01 above.

In connection with Ms. Carlander's resignation from her positions with the Company, the letter, dated November 17, 2004, issued by the Company to Ms. Carlander offering her employment was deemed satisfied in all respects and terminated. In addition, as set forth in the Severance Agreement, a Stock Option Agreement, with a grant date of July 14, 2005, between the Company and Ms. Carlander pursuant to which Ms. Carlander had the right to acquire up to 200,000 shares of the Company's common stock, was terminated, and a Stock Option Agreement, with a grant date of January 31, 2006, between the Company and Ms. Carlander pursuant to which Ms. Carlander had the right to acquire up to 80,000 shares of the Company's common stock, was terminated. For additional details regarding Ms. Carlander's resignation, please see the disclosures under Item 1.01 above.

On September 8, 2006, the Company issues a press release announcing the appointment of Dr. Merritt as President and Chief Medical Officer and Ms. Carlander's resignation, which press release is filed herewith as Exhibit 99.1.

### **Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On September 8, 2006, the Company announced that Dr. Merritt has been appointed President, a position previously held by Mr. Levine, who will continue to serve as Chief Executive Officer. Dr. Merritt will also serve as Chief Medical Officer, a newly created position, and will report in both capacities to Mr. Levine. For additional details regarding Dr. Merritt's employment, please see the disclosures under Item 1.01 above.

On September 8, 2006, the Company announced that Carrie Carlander has resigned from her positions as the Company's Chief Financial Officer, Vice President of Finance, Treasurer and Secretary. For additional details regarding Ms. Carlander's resignation, please see the disclosures under Item 1.01 above.

On September 8, 2006, the Company announced that Robert Daniel, age 41, previously the Company's controller, has been appointed acting Chief Financial Officer. Prior to joining the Company as controller in May 2005 and beginning in October 2003, Mr. Daniel was controller at Nuvasive, Inc., a publicly-traded medical device company focused on developing products for minimally disruptive surgical treatments for the spine. Beginning in October 1999, Mr. Daniel was controller at Websense, Inc., a publicly-traded company providing web security and web filtering productivity software. Mr. Daniel holds a B.S. from San Diego State University and is a certified public accountant. Mr. Daniel will continue to act as the Company's controller, with support from outside consultants. Mr. Daniel's employment with the Company is at-will and, in the event his employment with the Company is terminated, the Company is not contractually obligated to provide him severance or other benefits.

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## [Table of Contents](#)

On September 8, 2006, the Company issues a press release announcing the appointment of Dr. Merritt as President and Chief Medical Officer and Mr. Daniel as acting Chief Financial Officer, and Ms. Carlander's resignation, which press release is filed herewith as Exhibit 99.1.

### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The list of exhibits called for by this Item is incorporated by reference to the Index to Exhibits filed with this report.

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**SIGNATURE**

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

**ADVENTRX Pharmaceuticals, Inc.**

Dated: September 8, 2006

By: /s/ Evan M. Levine \_\_\_\_\_

Name: Evan M. Levine

Title: Chief Executive Officer

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INDEX TO EXHIBITS

- 10.1 Letter Agreement, dated September 7, 2006
- 10.2 Severance Agreement and Release of All Claims, dated September 7, 2006
- 10.3 Consulting Agreement, dated September 7, 2006
- 99.1 Press release, dated September 8, 2006

September 7, 2006

James Merritt, M.D.  
5285 Toscana Way, Apt. 8311  
San Diego, California 92122

Dear James:

ADVENTRX Pharmaceuticals, Inc. is pleased to offer you full-time employment on the terms and conditions stated in this letter agreement. We would employ you as President and Chief Medical Officer reporting to Evan Levine, Chief Executive Officer. Your responsibilities would include the following:

**1. Position Responsibilities:**

- Develops goals, operating plans, policies, and short and long-range objectives for the company.
- Directs, monitors, and leads the staff in the development and implementation of strategies, business plan, budget, and work plans to achieve company's vision and mission.
- Responsible for overseeing all aspects of staff administration, including hiring, terminations, salary administration, job descriptions, regular staff meetings, performance evaluations, office policy and procedures and a timely form of communication with support staff.
- Coordinates with the company's Scientific Advisory Board.
- Represents the company on scientific and technical matters at internal and external functions, to the financial community, partners, stakeholders, major customers, government agencies, and the general public.
- Manages the company's portfolio of products and facilitates go/no decisions at each stage of product development.
- Develops the company's research and development team through training and headcount growth, as appropriate.
- Supports the business development team on the technical due diligence associated with investor relations, in-licensing, acquisitions, and co-development agreements.
- Works closely with legal advisors on enriching and optimizing the company's intellectual property portfolio.
- Works closely with the clinical and regulatory team to ensure appropriate preparation and submission of regulatory documents.
- Responsible for the overall functions of Clinical, Research & Development, Regulatory, Business Development, Sales & Marketing, Facility & Operations, Administration and Human Resources.
- Perform other duties consistent with your positions as requested by the Chief Executive Officer.

**2. General Responsibilities:**

- Operate to the highest ethical and moral standards.
  - Comply with our policies and procedures.
  - Adhere to quality standards set by regulations, and our policies, procedures and mission.
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- Communicate effectively with supervisors, colleagues and subordinates. Be committed to team effort and be willing to assist in unrelated job areas when called upon.
  - Provide administrative leadership for us and provide knowledge-based expertise in related areas that can be applied to meeting the strategic goals.
  - Travel as needed.
3. We would initially compensate you at the rate of \$325,000 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.
4. We would recommend that our Board of Directors grant you an incentive stock option to purchase up to 300,000 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"). Please note that the grant date, vesting commencement date and exercise price of this option will be determined by our Board of Directors, or a committee thereof. There would also be the possibility of receiving additional stock options in the future based upon your performance and our overall success.
5. In addition and subject to the remainder of this section 5 and section 6, in the event of your Involuntary Termination (as defined in the Stock Option Agreement) (a) you will receive an amount equal to your base salary for the 6-month period immediately prior to the effective date of such Involuntary Termination, payable in 6 substantially equal installments over the 6-month period following such effective date and (b) we will pay all costs that we would otherwise have incurred to maintain your health, welfare and retirement benefits if you had continued to render services to us for 6 continuous months after such effective date. Prior to your receipt of any payment or benefit provided by this section 5, you must execute a "mutual release" 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. 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 and will confirm your obligations under the Company Confidentiality Agreement (as defined in Section 9 below). It is understood that you will have a certain period to consider whether to execute such release, and you may revoke such release within 7 business 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-business-day period, you will not be entitled to the payments and benefits described in this section 5.
6. You acknowledge and agree that any payment to be made or benefit to be provided to you pursuant to section 5 will be delayed to the extent necessary for this letter agreement and such payment or benefit to comply with Section 409A of the Internal Revenue Code ("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 6, such payment or benefit will be paid to you in a lump-sum as soon as permitted under 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 5 to provide to you economic benefits that are as close as reasonably possible to
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those contemplated by section 5 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. Any provision of this letter agreement to the contrary notwithstanding, we may adopt such amendments to this letter agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that we determine are necessary to comply with the requirements of Section 409A; provided, that, prior to taking any such action, we will confer with you and take your input into account in good faith.

7. As an our employee, you would be entitled to participate in our medical, dental, life insurance and 401(k) programs on the same terms as our other full-time employees. 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 30 vacation days per year which would accrue in accordance with our general vacation accrual policy.

8. 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 CEO.

9. 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 Company's current Confidential Information, Non-Solicitation and Invention Assignment Agreement (the "Company Confidentiality Agreement").

10. 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 had 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.

11. As an employee, we require that you comply with all of our policies and procedures, including, without limitation, our Code of Business Conduct and Ethics, a copy of which will, at

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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 our policies and procedures. Violation of any of our policies or procedures would be cause for disciplinary action including termination.

12. 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, and successful completion of our reference checking process. 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.

13. Any controversy, claim or dispute between you and the company concerning this letter agreement or documents attached hereto, your employment or the severance of your employment shall be finally settled by arbitration held in San Diego, California by one (1) arbitrator in accordance with the rules of employment arbitration then followed by the American Arbitration Association or any successor to the functions thereof. The arbitrator shall apply California law (as applied to agreements between California residents entered into and to be performed entirely within California) in the resolution of all controversies, claims and disputes and shall have the right and authority to determine how his or her decision or determination as to each issue or matter in dispute may be implemented or enforced. Any decision or award of the arbitrator shall be final and conclusive on the parties. The parties shall bear equally all costs of the arbitrator in any action brought under this section 13 unless otherwise required by law (in which case such costs will be borne as required by law).

14. In the event of any dispute related to or based upon this letter agreement or documents attached hereto, the arbitrator has the right to allocate between the parties, as the arbitrator may determine, the costs of the arbitrator (unless the allocation of the costs of the arbitration are otherwise mandated by law) and the reasonable costs and expenses (including reasonable attorneys' fees and costs) of each party incurred in connection with such arbitration.

15. 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.

16. 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.

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17. 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 September 7, 2006, 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 within five business days. You should keep one copy of this letter for your own records.

Sincerely,

ADVENTRX Pharmaceuticals, Inc.

/s/ Evan Levine  
Evan Levine  
Chief Executive Officer

ACCEPTED AND AGREED:

/s/ James Merritt  
James Merritt, M.D.

Date: September 7, 2006

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Exhibit A  
STOCK OPTION AGREEMENT

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Exhibit B  
RELEASE

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**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: James Merritt  
Grant Date: MM/DD/YYYY  
Vesting Commencement Date: MM/DD/YYYY  
Shares: 300,000  
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 forty-eighth of the Shares on each successive monthly anniversary of the Vesting Commencement Date 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 Section 10 below) but subject to Optionee's timely execution of the release (the "Release") referred to in that certain letter agreement, dated September 7, 2006, by and between the Company and Optionee offering employment to Optionee (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,

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with respect to that number of the Shares that would have vested and become exercisable had Optionee remained in Continuous Service for 6 months following the effective date of such Involuntary Termination.

(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) 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

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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).

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(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

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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.

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 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**”); provided, however, that, even 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 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. Otherwise, the Option will not Accelerate in the event of an Acquisition. 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. For clarification, 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.

If, following a Change of Control in which the Option has been assumed by the successor or acquiring entity as of the closing date of such Change of Control, in the event of Optionee’s Involuntary Termination of employment within 24 months after the closing date of such Change of Control the vesting of the assumed Option shall be accelerated such that the Option will so vest as of the effective date of such Involuntary Termination with respect to all Shares that would have become vested during such 24-month period but for the Change of Control and Involuntary Termination (assuming Optionee’s Continuous Service). An “**Involuntary Termination**” is one that occurs by reason of dismissal for any reason other than Misconduct or of voluntary resignation following: (i) a change in position that materially reduces the level of Optionee’s responsibility, (ii) a material reduction in Optionee’s base salary, or (iii) relocation by more than 50 miles; provided that (ii) and (iii) will apply only if Optionee has not consented to the change or

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relocation. "**Misconduct**" shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Company (or any Parent or Subsidiary), or any other intentional misconduct by such person adversely affecting the business affairs of the Company (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not be deemed to be inclusive of all the acts or omissions which the Company (or any Parent or Subsidiary) may consider as grounds for the dismissal or discharge of Optionee.

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.

\_\_\_\_\_  
James Merritt

ADVENTRX Pharmaceuticals, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

**Exhibit A**

**Notice of Exercise of Stock Option**

I \_\_\_\_\_ (please print legibly) hereby elect to exercise the stock option(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):

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Name: \_\_\_\_\_  
(please print legibly)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Phone No: \_\_\_\_\_

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## RELEASE

Pursuant to that certain letter agreement, dated September 7, 2006, by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and the undersigned ("**Executive**" and, together with the Company, each, a "**Party**" and, collectively, the "**Parties**") 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 5 of the Offer Letter and other benefits provided under Sections 5(a)(i) and 5(a)(ii) of the Option Agreement, Executive and the Company each hereby furnish the other with this Release.

Executive hereby confirms his/her obligations under the Company's Confidential Information, Non-Solicitation and Invention Assignment Agreement.

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, of and from any and all suits, debts, liens, contracts, agreements, promises, claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, 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. This Release includes, but is not limited to: (1) Claims for intentional and negligent infliction of emotional distress; (2) tort Claims for personal injury; (3) Claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interest in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, front pay, back pay or any other form of compensation; (4) Claims for breach of contract; (5) Claims for any form of retaliation, harassment, or discrimination; (6) Claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the federal Age Discrimination in Employment Act of 1967, as amended ("**ADEA**"), the federal Employee Retirement Income Security Act of 1974, as amended, the federal Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, as amended, and the California Labor Code; and (7) all other Claims based on tort law, contract law, statutory law, common law, wrongful discharge, constructive discharge, fraud, defamation, emotional distress, pain and suffering, breach of the implied covenant of good faith and fair dealing, compensatory or punitive damages, interest, attorneys' fees, and reinstatement or re-employment. If any court rules that Executive's waiver of the right to file any administrative or judicial charges or complaints is ineffective, Executive agrees not to seek or accept any money damages or any other relief upon the filing of any such administrative or judicial charges or complaints.

The Company, for itself and each of its parents subsidiaries and affiliates and each of their respective predecessors successors and assigns over which the Company has control and the right to release Executive as set forth herein, hereby waives, releases, acquits and forever discharges

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Executive and Executive's heirs, estate and beneficiaries, and all persons acting by, through, under, or in concert with them, or any of them, of and from any and all 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 the Company or on the Company's behalf under federal, state or local law, whether by statute, regulation, in contract or tort. This Release includes, but is not limited to: (1) Claims for intentional and negligent infliction of emotional distress; (2) tort Claims for personal injury; (3) Claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interest in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, front pay, back pay or any other form of compensation; (4) Claims for breach of contract; (5) Claims for any form of retaliation, harassment, or discrimination; (6) Claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the ADEA, the federal Employee Retirement Income Security Act of 1974, as amended, the federal Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, as amended, and the California Labor Code; and (7) all other Claims based on tort law, contract law, statutory law, common law, wrongful discharge, constructive discharge, fraud, defamation, emotional distress, pain and suffering, breach of the implied covenant of good faith and fair dealing, compensatory or punitive damages, interest, attorneys' fees, and reinstatement or re-employment. If any court rules that the Company's waiver of the right to file any administrative or judicial charges or complaints is ineffective, the Company agrees not to seek or accept any money damages or any other relief upon the filing of any such administrative or judicial charges or complaints.

The Parties acknowledge that each 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."** The Parties hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to the release by each Party of any unknown Claims either Party may have against the other Party.

Notwithstanding the foregoing, 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 Stock 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.

If Executive is 40 years of age or older at the time of the termination, Executive acknowledges that he/she is knowingly and voluntarily waiving and releasing any rights he/she may have under 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 he/she was already entitled. Executive further acknowledges that he/she has been advised by this writing, as required by the ADEA, that: (A) his/her waiver and release do not apply to any rights or claims that may arise on or after the date he/she executes this Release; (B) Executive has the right to consult with an attorney prior to executing this Release; (C) Executive has [21]<sup>1</sup> [45]<sup>2</sup>

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days to consider this Release (although he/she may choose to voluntarily execute this Release earlier); (D) Executive has 7 days following the execution of this Release to revoke the Release; [and]<sup>1</sup> (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; and (F) Executed has received with this Release a detailed list of job titles and ages of all employees who were terminated in the group termination of which Executive's termination is a part and the ages of all employees of the Company in the same job classification or organizational unit who were not so terminated]<sup>2</sup>.

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

\_\_\_\_\_  
James A. Merritt

Date: \_\_\_\_\_

ADVENTRX PHARMACEUTICALS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> Include only if an individual termination

<sup>2</sup> Include only if a group termination.

SEVERANCE AGREEMENT  
AND RELEASE OF ALL CLAIMS

This Severance Agreement and Release of All Claims (this "Agreement"), effective as of September 7, 2006 (the "Effective Date"), is made and entered into by and between Carrie Carlander ("Employee") and ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "Company").

WHEREAS, the Company and Employee have mutually determined that it is in their respective best interests to terminate Employee's employment with the Company and to transition Employee's responsibilities and duties to the Company in a considered and professional manner;

WHEREAS, the Company and Employee desire to settle fully and finally any existing or potential differences between them including, without limitation, all tort, contractual, discrimination, statutory and common law claims;

NOW, THEREFORE, BE IT RESOLVED, in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and to avoid unnecessary litigation, it is hereby agreed by and between the parties as follows:

1. Termination Date. Employee's employment with the Company will terminate effective as of the Effective Date.

2. Consulting Relationship. Effective concurrent with the effectiveness of this Agreement, Employee and the Company will enter into that certain Consulting Agreement in substantially the form of Exhibit A, attached hereto (the "Consulting Agreement") (including the Company's current Confidential Information and Inventions Assignment Agreement referenced in the Consulting Agreement).

3. Press Release and Form 8-K. On the Effective Date (or, at the Company's election, by the fourth business day following the Effective Date), the Company will issue a press release mutually agreed upon by the Company and Employee and file with or furnish to the Securities and Exchange Commission a Current Report on Form 8-K mutually agreed upon by the Company and Employee.

4. Consideration.

(a) On the Effective Date, the Company will make available to Employee Employee's final paycheck for wages and all earned and unused vacation. This payment is not dependent upon Employee signing this Agreement. In addition, in consideration of Employee's executing this Agreement and performing Employee's obligations hereunder (including, without limitation, granting the release set forth in Section 7), and immediately following Employee's resignation from her positions with the Company (including as an "officer," as defined in Section 16 of the Securities Exchange Act of 1934) the Company will issue to Employee 93,611 fully-

vested shares of the Company's common stock, \$0.001 par value per share, less applicable withholding taxes (the "Severance Benefit").

(b) Effective as of the Effective Date, any and all options or other rights to purchase shares of the Company's securities (including under the Company's 2005 Equity Incentive Plan and pursuant to the Initial Grant and that certain Stock Option Agreement, with a "Grant Date" of January 31, 2006) hereby terminate and are of no further force or effect, and Employee will execute such documents as the Company reasonably requests to reflect the foregoing. In addition, Employee will promptly (but in any event within 10 calendar days of the Effective Date) return to the Company the original copy of all documents evidencing any option or other right to purchase shares of the Company's securities, which documents will be marked "CANCELLED" or with other similar marking. For clarification, in no way will Employee's consulting relationship with the Company (as described in Section 2) be construed in any way as Employee providing "Continuous Service" (as defined in the Company's 2005 Equity Incentive Plan) to the Company.

5. Acknowledgement. Employee hereby acknowledges and agrees that, upon Employee's receipt of the final paycheck described in Section 4, the Company has paid all salary, wages, bonuses, commissions, vacation pay, floating holiday pay and other benefits or compensation due Employee from the Company.

6. Failure to Perform. Employee acknowledges and agrees that, but for this Agreement, Employee is not entitled to the Severance Benefit and that, in the event Employee fails to fully perform under this Agreement, the Company has no obligation to provide Employee the Severance Benefit.

7. Releases and Related Provisions.

(a) Employee's General Release. Employee, for Employee, Employee's heirs, executors, administrators, representatives, assigns and successors, fully and forever releases and discharges the Company and each of its current, former and future parents, subsidiaries, related entities, employee benefit plans and their respective fiduciaries, predecessors, successors, officers, directors, stockholders, agents, employees, consultants, attorneys and assigns (collectively, the "Discharged Parties") with respect to any and all claims, liabilities and causes of action, of every nature, kind and description, in law, equity or otherwise, which have arisen, occurred or existed at any time prior to the Effective Date, including (without limitation) any and all claims, liabilities and causes of action arising out of or relating in any way to Employee's employment with the Company, including (but not limited to) the offer and termination of Employee's employment as well as the terms and conditions of Employee's employment. The foregoing release will not apply to rights arising under California Labor Code Section 2802.

(b) The Company's General Release. The Company, for itself and each of its current, former and future parents, subsidiaries, related entities, employee benefit plans, predecessors, successors and assigns over which it has control and the right to release Employee as set forth herein, fully and forever releases and discharges Employee and Employee's heirs,

executors, administrators, representatives, attorneys and assigns (collectively the “Releasees”) with respect to any and all claims, liabilities and causes of action, of every nature, kind and description, in law, equity or otherwise, which have arisen, occurred or existed at any time prior to the Effective Date, including (without limitation) any and all claims, liabilities and causes of action arising out of or relating in any way to Employee’s employment with the Company.

(c) Knowing Waiver of Employment-Related Claims. Employee hereby waives and releases any and all rights Employee may have had, how have, or in the future may have, to pursue against any of the Discharged Parties any and all remedies available to Employee under any employment-related causes of action, including (without limitation) claims of wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, fraud, violation of public policy, defamation, discrimination, personal injury, physical injury, emotional distress, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Federal Rehabilitation Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, the California Family Rights Act, the Equal Pay Act of 1963, the provisions of the California Labor Code and any other federal, state or local law or regulation relating to employment, conditions of employment (including wage and hour laws), perquisites of employment (including, but not limited to, stock, stock options and incentive compensation) and/or employment discrimination. Claims not covered by this Section 7 are claims for unemployment insurance benefits and workers’ compensation. Employee represents that Employee has not suffered any work-related injury or illness.

(d) Waiver of Civil Code Section 1542. Employee and the Company (the “Parties”) acknowledge that the Parties may discover facts different from or in addition to those which the Parties now know or believe to be true and that this Agreement (including, specifically, the provisions of this Section 7) will be and remain in full force and effect in all respects even if the Parties discover new or additional facts after the Effective Date. The Parties expressly waive any and all rights and benefits conferred upon them by Section 1542 of the Civil Code of the State of California, which states:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

The Parties expressly agree and understand that the general release given in this Section 7 applies to all unknown, unsuspected and unanticipated claims, liabilities and causes of action which the Parties may have against any of the Discharged Parties and/or Releasees.

(d) No Admission. This Agreement and performance of the acts required by it does not constitute an admission of liability, culpability, negligence or wrongdoing on the part of anyone and will not be construed for any purposes as an admission of liability, culpability,

negligence or wrongdoing on the part of the Company, or Employee, or any of the other Discharged Parties or Releasees.

(e) Suit and Administrative Proceedings. The Parties represent that they have not instituted, filed or participated in any legal or administrative proceedings against each other, or any of the Discharged Parties or Releasees. The Parties promise and agree that they will never sue one another, or any of the Discharged Parties or Releasees, or otherwise institute or participate in any legal or administrative proceedings against one another or any of the Discharged Parties or Releasees with respect to any claim covered by this Section 7. The Parties represent that each of them is the sole owner of all claims relating to Employee's employment with the Company and that neither of them has assigned or transferred any claims covered by this Section 7 or otherwise relating to Employee's employment to any other person or entity.

(f) Period to Consider Terms. Employee acknowledges that Employee is entitled to time during which to consider the terms of this Agreement. Employee understands and acknowledges that the Company advises Employee to obtain advice concerning this Agreement, including the provisions of this Section 7. Employee acknowledges that Employee has obtained sufficient information to intelligently exercise Employee's own judgment regarding the terms of this Agreement before executing it. In addition, Employee acknowledges that Employee has had ample opportunity to obtain the advice and counsel from an attorney of Employee's choice and that Employee executes this Agreement having had sufficient time during which to consider its terms.

8. Proprietary Information; Continuing Obligations. Employee represents that Employee has returned to the Company all Company documents, information and property, including (without limitation) files, records, computer access codes and instruction manuals, as well as any of the Company's assets or equipment that Employee has in Employee's possession or are under Employee's control. Employee further agrees not to keep any copies of any Company documents or information. Employee acknowledges and agrees that Employee will continue to be bound by (a) the Confidential Information, Non-Solicitation and Invention Assignment Agreement for Employees entered into between the Company and Employee (the "Company Agreement"), (b) the Code of Business Conduct and Ethics for Employees, Executive Officers and Directors executed by Employee (the "Code of Ethics") and (c) the Policies and Procedure Manual executed by Employee (the "Manual), copies of all of which have been provided to Employee.

9. Confidentiality. Employee agrees to keep this Agreement confidential and not to reveal its contents to anyone except Employee's lawyer, spouse and/or financial consultant.

10. Non-disparagement. The Parties agree that they will not at any time disparage one another, including the Discharged Parties and the Releasees in any manner likely to be harmful to them or their respective businesses or reputations (whether personal or professional); provided, however, that the Parties may respond accurately and fully to any questions, inquiry or request for information when required to do so by legal process.

10. Successors and Assigns. This Agreement will be binding upon Employee and Employee's heirs, executors, administrators, representatives, assigns and successors.

11. Severability. Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be wholly or partially illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms, or provisions will not be affected thereby, and the illegal, invalid or unenforceable, part, term, or provision will be amended or removed to the minimum extent necessary so that the remainder of this Agreement is legal, valid and enforceable.

12. Governing Law. This Agreement will be interpreted and construed in accordance with and be governed by the laws of the State of California as applied to agreement among California residents entered into and to be performed entirely within California.

13. Entire Agreement. Employee represents and acknowledges that, in executing this Agreement, Employee is not relying and has not relied upon any representation or statement made by any of the Discharged Parties or by any their respective agents, attorneys, or representatives with regard to the subject matter, basis, or effect of this Agreement, or otherwise, other than those specifically stated in this Agreement. This Agreement contains the entire agreement between the Company and Employee with respect to any matters referred to herein and supersedes any previous oral or written agreements, except the Consulting Agreement (including the Confidential Information and Inventions Agreement), the Company Agreement, the Code of Ethics and the Manual, each of which will remain in full force and effect until it terminates or expires pursuant to its terms or as set forth herein.

IN WITNESS WHEREOF, the Parties hereto have signed this Severance Agreement and Release of All Claims as of the Effective Date.

COMPANY:

ADVENTRX PHARMACEUTICALS, INC.

By: /s/ Evan M. Levine

Evan M. Levine, Chief Executive Officer

EMPLOYEE:

By: /s/ Carrie Carlander

Carrie Carlander

Exhibit A

CONSULTING AGREEMENT

[See Exhibit 10.3]



**ADVENTRX PHARMACEUTICALS, INC.**  
**CONSULTING AGREEMENT**

This Consulting Agreement (this "Agreement") is entered into effective as of September 7, 2006 (the "Effective Date") by and between ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Carrie Carlander, an individual resident of the State of California ("Consultant").

1. **Consulting Relationship.** During the term of this Agreement, Consultant will provide consulting services (the "Services") to the Company as described on Exhibit A attached to this Agreement. Consultant represents that Consultant is duly licensed (as applicable) and has the qualifications, the experience and the ability to properly perform the Services. Consultant shall use Consultant's best efforts to perform the Services such that the results are satisfactory to the Company. Consultant shall provide Services only as requested by the Company.

2. **Fees.** As consideration for the Services to be provided by Consultant and other obligations, the Company shall pay to Consultant the amounts specified in Exhibit B attached to this Agreement at the times specified therein.

3. **Expenses.** Consultant shall not be authorized to incur on behalf of the Company any expenses.

4. **Term and Termination.** Consultant shall serve as a consultant to the Company for a period commencing on the Effective Date and terminating upon notice of termination from the Company to Consultant or from Consultant to the Company.

5. **Independent Contractor.** Consultant's relationship with the Company will be that of an independent contractor and not that of an employee.

(a) **Method of Provision of Services.** Consultant shall be solely responsible for determining the method, details and means of performing the Services. Consultant may not employ or engage the service of any third parties to perform the Services required by this Agreement.

(b) **No Authority to Bind Company.** Neither Consultant, nor any partner, agent or employee of Consultant, has authority to enter into contracts that bind the Company or create obligations on the part of the Company without the prior written authorization of the Company.

(c) **No Benefits.** Consultant acknowledges and agrees that Consultant (or Consultant's employees, if Consultant is an entity) will not be eligible for any Company employee benefits and, to the extent Consultant (or Consultant's employees, if Consultant is an entity) otherwise would be eligible for any Company employee benefits but for the express terms of this Agreement, Consultant (on behalf of itself and its employees) hereby expressly declines to participate in such Company employee benefits.

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(d) **Withholding; Indemnification.** Consultant shall have full responsibility for applicable withholding taxes for all compensation paid to Consultant, its partners, agents or its employees under this Agreement, and for compliance with all applicable labor and employment requirements with respect to Consultant's self-employment, sole proprietorship or other form of business organization, and Consultant's partners, agents and employees, including state worker's compensation insurance coverage requirements and any US immigration visa requirements. Consultant agrees to indemnify, defend and hold the Company harmless from any liability for, or assessment of, any claims or penalties with respect to such withholding taxes, labor or employment requirements, including any liability for, or assessment of, withholding taxes imposed on the Company by the relevant taxing authorities with respect to any compensation paid to Consultant or Consultant's partners, agents or its employees.

6. **Supervision of Consultant's Services.** All of the Services to be performed by Consultant, including but not limited to the Services, will be as agreed between Consultant and Robert Daniel. Consultant will be required to report to Mr. Daniel concerning the Services performed under this Agreement. The nature and frequency of these reports will be left to the discretion of Mr. Daniel.

7. **Confidentiality Agreement.** Consultant shall sign, or has signed, the Company's current Confidential Information and Invention Assignment Agreement (the "Confidentiality Agreement") on or before the Effective Date.

8. **Conflicts with this Agreement.** Consultant represents and warrants that neither Consultant nor any of Consultant's partners, employees or agents is under any pre-existing obligation in conflict or in any way inconsistent with the provisions of this Agreement. Consultant represents and warrants that Consultant's performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by Consultant in confidence or in trust prior to commencement of this Agreement. Consultant warrants that Consultant has the right to disclose and/or use all ideas, processes, techniques and other information, if any, which Consultant has gained from third parties, and which Consultant discloses to the Company or uses in the course of performance of this Agreement, without liability to such third parties. Notwithstanding the foregoing, Consultant agrees that Consultant shall not bundle with or incorporate into any deliveries provided to the Company herewith any third party products, ideas, processes, or other techniques, without the express, written prior approval of the Company. Consultant represents and warrants that Consultant has not granted and will not grant any rights or licenses to any intellectual property or technology that would conflict with Consultant's obligations under this Agreement. Consultant will not knowingly infringe upon any copyright, patent, trade secret or other property right of any former client, employer or third party in the performance of the Services required by this Agreement.

9. **Miscellaneous.**

(a) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the parties.

(b) **Sole Agreement.** This Agreement, including the Exhibits hereto, constitutes the sole agreement of the parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof. The foregoing notwithstanding, the Company and Consultant acknowledge that this Agreement is entered into in connection with that certain Severance Agreement and Release of All Claims, dated of even date herewith (the "Severance Agreement"), and that this Agreement has no effect on the Severance Agreement or any of the documents or other agreements referenced therein or executed in connection therewith.

(c) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, 48 hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below, or as subsequently modified by written notice.

(d) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

(e) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(f) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(g) **Arbitration.** Any dispute or claim arising out of or in connection with any provision of this Agreement will be finally settled by binding arbitration in San Diego County, California, in accordance with the rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California law, as applied to agreements among California residents entered into and to be performed entirely within California, to the resolution of any dispute. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph, without breach of this arbitration provision. This Section 10(g) shall not apply to the Confidentiality Agreement.

(h) **Advice of Counsel.** EACH PARTY ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS

AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Page Follows]

The parties have executed this Agreement on the respective dates set forth below.

ADVENTRX PHARMACEUTICALS, INC.

By: /s/ Evan M. Levine

Title: Chief Executive Officer

Address: 6725 Mesa Ridge Road, Suite 100  
San Diego, CA 92121

CARRIE CARLANDER

/s/ Carrie Carlander

Signature

Address: 13140 Avenida Granada  
Poway, CA 92064

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EXHIBIT A

DESCRIPTION OF CONSULTING SERVICES

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Description of Services	Schedule/Deadline
1. Respond to inquiries of the Company's personnel regarding financial and accounting matters, and such other matters related to the Company regarding which Consultant has knowledge.	Not applicable

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EXHIBIT B  
COMPENSATION

Check applicable payment terms:

- For Services rendered by Consultant under this Agreement, the Company shall pay Consultant at the rate of \$\_\_ per hour, payable \_\_\_\_\_. Unless otherwise agreed upon in writing by Company, Company's maximum liability for all Services performed during the term of this Agreement shall not exceed \$\_\_\_\_\_.
- Consultant shall be paid \$\_\_\_\_\_ upon the execution of this Agreement and \$\_\_\_\_\_ upon completion of the Services specified on Exhibit A to this Agreement.
- The Company will recommend that the Board grant a non-qualified option to purchase \_\_\_\_\_ shares of the Company's Common Stock, at an exercise price equal to the fair market value (as determined by the Company's Board of Directors) on the date of grant, and which will vest and become exercisable as follows:

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- Consultant is authorized to incur the following expenses:

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- Other:

The Company will compensate Consultant at the rate of \$16,666.67 per calendar month plus the actual amount paid by Consultant for COBRA continuation coverage following employment with the Company (pro-rated for any portion of a calendar month during which this Agreement is effective based on a 30-day month) beginning on the Effective Date and ending when this Agreement terminates. Payment by the Company is due within 15 days of the end of each calendar month; provided, however, that, the first payment will be due within 15 days of the end of October.

**ADVENTRX ANNOUNCES SENIOR  
MANAGEMENT CHANGES**

**San Diego, CA — September 8, 2006** — ADVENTRX Pharmaceuticals, Inc. (AMEX: ANX), a biopharmaceutical research and development company focused on introducing new treatments for cancer and infectious disease, announced today several key management changes. James A. Merritt, M.D., a board-certified oncologist, has been appointed president, a position previously held by Evan M. Levine, who will continue to serve as chief executive officer and a member of the Company's board of directors. Dr. Merritt will also serve as chief medical officer, a newly created position, and will report in both capacities to Mr. Levine. Dr. Merritt has consulted with the Company since July 2005 acting as chief medical advisor.

The Company also announced that Carrie Carlander has resigned from her positions as the Company's chief financial officer, vice president of finance, treasurer and secretary. Robert Daniel, C.P.A., currently the Company's controller, has been appointed acting chief financial officer and treasurer and Patrick Keran, the Company's general counsel, has been appointed secretary. Ms. Carlander will provide on-going consulting services to the Company on an as-needed basis. Ms. Carlander intends to pursue other opportunities and spend more time with her family. The Company is conducting a search for a new chief financial officer.

"We are delighted to have Dr. Merritt lead our research and development efforts," said Evan Levine, the Company's chief executive officer. "Jay's experience, passion for science and innovative therapies for the oncology market, and his impressive track record in the biotechnology sector, are valued additions to our organization as we embark on multiple late-stage clinical projects. In addition, on behalf of our board of directors and the entire management team, we thank Carrie for her important contributions to the Company, and wish her well."

"ADVENTRX is a great company, with an exceptional staff, that I have enjoyed advising for the last year. I look forward to continuing to attract top talent, advancing our pipeline and establishing ourselves as a commercially successful biotechnology company," Dr. Merritt commented.

Dr. Merritt joins the Company from Imagine Pharmaceuticals, Inc., a venture stage company where he served as founding chief executive officer since 2003. He was chief medical officer at Introgen Therapeutics, Inc. and vice president, medical affairs at Viagene, Inc. both development stage companies engaged in targeted molecular therapies for cancer and infectious diseases. Viagene was acquired by Chiron Corporation during his tenure. Earlier, Dr. Merritt held clinical management positions at IDEC Pharmaceuticals, Inc. (now Biogen-IDEC) and The Upjohn Company (now Pfizer). Dr. Merritt holds an M.D. from the University of Vermont and a B.A. from Johns Hopkins University. Dr. Merritt completed a research fellowship in viral oncology and a clinical fellowship at the University of Wisconsin, Madison, department of human oncology, and holds board certifications in internal medicine and medical oncology.

#### About ADVENTRX

ADVENTRX Pharmaceuticals is a biopharmaceutical research and development company focused on introducing treatments for cancer and infectious disease that surpass the performance and safety of existing drugs, by addressing significant problems such as drug metabolism, toxicity, bioavailability and resistance. More information can be found on the Company's Web site at [www.adventrx.com](http://www.adventrx.com).

#### Forward Looking Statement

This press release contains forward-looking statements, within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, regarding ADVENTRX. Such statements are made based on management's current expectations and beliefs. Actual results may vary from those currently anticipated based upon a number of factors, including the successful retention and integration of future and recent hires, uncertainties inherent in the drug development process, the timing and success of clinical trials, the validity of research results, and the receipt of necessary approvals from the FDA and other regulatory agencies. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements regarding ADVENTRX, see the section titled "Risk Factors" in ADVENTRX's last annual report on Form 10-K and its Quarterly Reports on Form 10-Q, as well as other reports that ADVENTRX files from time to time with the Securities and Exchange Commission. All forward-looking statements regarding ADVENTRX are qualified in their entirety by this cautionary statement. ADVENTRX undertakes no obligation to release publicly any revisions to forward-looking statements to reflect events or circumstances that occur after the date hereof.

Contact:  
ADVENTRX Pharmaceuticals  
Andrea Lynn  
858-552-0866

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