

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant /x/

Filed by a Party other than the Registrant / /

Check the appropriate box:

- // Preliminary Proxy Statement
- // Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- /x/ Definitive Proxy Statement
- // Definitive Additional Materials
- // Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

ACCESS PHARMACEUTICALS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /x/ No fee required
- // Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:
- // Fee paid previously with preliminary materials.

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

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

ACCESS PHARMACEUTICALS, INC.
2600 Stemmons Freeway, Suite 176
Dallas, Texas 75207
(214) 905-5100

April 13, 2005

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders (the "Meeting") of Access Pharmaceuticals, Inc. (the "Company") to be held on Thursday, May 12, 2005 at 10:00 a.m., local time, at the New York Athletic Club, 180 Central Park South, New York, New York 10019, (212) 247-5100.

The Notice of Annual Meeting and the Proxy Statement that follow describe the business to be considered and acted upon by stockholders of the Company at the Meeting. The Board of Directors of the Company unanimously recommends that the stockholders of the

Company approve each of the proposals described in the Proxy Statement. Please carefully review the information contained in the Proxy Statement.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, IT IS VERY IMPORTANT THAT YOU MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED AS SOON AS POSSIBLE. IF YOU ATTEND THE MEETING, YOU MAY REVOKE THE PROXY AT THAT TIME BY REQUESTING THE RIGHT TO VOTE IN PERSON.

Sincerely,

/s/ Kerry P. Gray

Kerry P. Gray
President and CEO

ACCESS PHARMACEUTICALS, INC.
2600 Stemmons Freeway, Suite 176
Dallas, Texas 75207
(214) 905-5100

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on May 12, 2005

PLEASE TAKE NOTICE that the Annual Meeting of Stockholders (the "Meeting") of Access Pharmaceuticals, Inc. will be held at the New York Athletic Club, 180 Central Park South, New York, New York 10019, on Thursday, May 12, 2005, at 10:00 a.m., local time, for the following purposes:

1. To elect two Class 1 Directors to hold office for a term of three years and until their successors are elected and qualified.
2. To consider and vote upon a proposal to establish the Access Pharmaceuticals, Inc. 2005 Equity Incentive Plan, pursuant to which an aggregate of 700,000 shares of our common stock may be granted pursuant to the terms of such plan.
3. To consider and vote upon a proposal to amend our Restricted Stock Plan to increase the total number of shares of our common stock authorized for issuance under that plan from 200,000 to 400,000 shares.
4. To consider and act upon a proposal to ratify the appointment of Grant Thornton LLP as our independent accountants for the fiscal year ending December 31, 2005.
5. To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

Stockholders of record at the close of business on March 18, 2005, the record date for the Meeting, are entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof. Our Annual Report for the 2004 fiscal year accompanies the Proxy Statement.

Information relating to the proposals described above is set forth in the accompanying Proxy Statement dated April 13, 2005. Please carefully review the information contained in the Proxy Statement, which is incorporated into this Notice.

Stockholders are cordially invited to attend the

Meeting in person. YOUR VOTE IS IMPORTANT. If you do not expect to attend the Meeting, or if you do plan to attend but wish to vote by proxy, please complete, date, sign and mail the enclosed proxy card in the return envelope provided addressed to Access Pharmaceuticals, Inc., c/o American Stock Transfer & Trust Co., 40 Wall Street, 46th Floor, New York, New York 10005. Proxies will also be accepted by transmission of a telegram, cablegram or telecopy provided that such telegram, cablegram or telecopy contains sufficient information from which it can be determined that the transmission was authorized by the stockholder delivering such proxy. American Stock Transfer & Trust Company's fax number is (718) 234-2287.

By Order of the Board of Directors,

/s/ Kerry P. Gray

Kerry P. Gray
President and CEO

Dallas, Texas
April 13, 2005

ACCESS PHARMACEUTICALS, INC.
2600 Stemmons Freeway, Suite 176
Dallas, Texas 75207
(214) 905-5100

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 12, 2005

This Proxy Statement is furnished by Access Pharmaceuticals, Inc., a Delaware corporation (the "Company"), to holders of its common stock, par value \$.01 per share (the "Common Stock"), in connection with the solicitation of proxies by our Board of Directors (the "Board") for use at our Annual Meeting of Stockholders (the "Meeting"), and at any and all adjournments or postponements thereof. The Meeting will be held on Thursday, May 12, 2005 at 10:00 a.m., local time, at the New York Athletic Club, 180 Central Park South, New York, New York 10019. This Proxy Statement and the accompanying form of proxy is first being sent to holders of Common Stock on or about April 18, 2005. Our mailing address and the location of our principal executive offices are at 2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207, (214) 905-5100.

A Stockholder signing and returning the enclosed proxy may revoke it at any time before it is exercised by voting in person at the Meeting, by submitting another proxy bearing a later date or by giving notice in writing to our Secretary not later than the day prior to the Meeting. All proxies returned prior to the Meeting will be voted in accordance with instructions contained therein or, if no choice is specified for one or more proposals in a proxy submitted by or on behalf of a Company stockholder, the shares represented by such proxy will be voted in favor of such proposals and in the discretion of the named proxies with respect to any other matters which may properly come before the Meeting.

At the close of business on March 18, 2005, the

record date for the Meeting, the number of our outstanding shares of Common Stock that are entitled to vote was 15,524,734. We have no other outstanding voting securities. Each outstanding share of Common Stock is entitled to one vote on each proposal set forth in the enclosed proxy. A complete list of Company stockholders entitled to vote at the Meeting will be available for examination by any Stockholder for any purpose germane to the Meeting at our principal executive offices and at 399 Park Avenue, New York, NY, 21st Floor, during normal business hours, at least ten days prior to the Meeting. Our Bylaws require that a majority of the shares entitled to vote, present in person or by proxy, shall constitute a quorum for the conduct of business at the Meeting. Abstentions and broker non-votes are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business at the Meeting. For purposes of determining the outcome of a vote, abstentions are treated as shares present and entitled to vote on Proposals 1-4. They are not treated as shares voted for any director nominee in Proposal 1 and are treated as shares voted against Proposals 2-4. Broker non-votes are not treated as shares present and entitled to vote on Proposals 1-4 and have no effect on the outcome of such Proposals.

Stockholders have the right to vote cumulatively for the election of Directors. This means that in voting at the Meeting, each Stockholder, or his proxy, may multiply the number of his shares by two (the number of directors to be elected) and then vote the resulting total number of shares for a single nominee, or distribute such votes on the ballot among the two nominees desired. The proxies submitted to the Board in response to this solicitation may, at

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the discretion of the proxy holder, cumulate the votes of the shares the proxies represent. However, the Board requires any Stockholder otherwise electing to exercise his cumulative voting rights, if voting in person, to so indicate prior to the beginning of the Meeting or if voting by proxy given to someone other than those designated by the Board in the solicitation to so indicate on said proxy.

All expenses in connection with solicitation of proxies will be borne by us. We will also request brokers, dealers, banks and voting trustees, and their nominees, to forward this Proxy Statement, the accompanying form of proxy and our Annual Report for the fiscal year ended December 31, 2004 to beneficial owners and will reimburse such record holders for their expense in forwarding solicitation material. We expect to solicit proxies primarily by mail, but Company directors, officers and regular employees may also solicit in person, by telephone or by fax.

The Board does not know of any matters which will be brought before the Meeting other than those matters specifically set forth in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, it is intended that the persons named in the enclosed form of proxy, or their substitutes acting thereunder, will vote on such matter in accordance with the recommendations of the Board, or, if no such recommendations are made, in accordance with their best judgment.

This Proxy Statement should be read in conjunction with our Annual Report for the 2004 fiscal year, including the financial statements and management's discussion and analysis of financial condition and results of operations for the 2004 fiscal year contained therein.

Corporate Governance Matters

Corporate Governance Practices and Board Independence

The Board has adopted a number of corporate governance documents, including charters for its Audit and Finance Committee, Compensation Committee and Nominating and Corporate Governance Committee, corporate governance guidelines, a code of business conduct and ethics for employees, executive officers and directors (including its principal executive officer and principal financial officer) and a whistleblower policy regarding the treatment of complaints on accounting, internal accounting controls and auditing matters. All of these documents are available on the Company's website at www.accesspharma.com and a copy of any of them may be obtained, without charge, upon written request to the Company, c/o Investor Relations, 2600 Stemmons Freeway, Suite 176, Dallas, Texas, 75207. The Board has determined that a majority of its directors are independent under applicable Securities and Exchange Commission ("SEC") and American Stock Exchange ("AMEX") rules and regulations.

Stockholder Communications with the Board

The Board has established a process for stockholders to send communications to it. Stockholders may send written communications to the Board or individual directors to Access Pharmaceuticals, Inc., Board of Directors, c/o Chief Executive Officer, 2600 Stemmons Freeway, Suite 176, Dallas, Texas, 75207. Stockholders also may send communications via email to akc@accesspharma.com with the notation "Attention: Chief Executive Officer" in the Subject field. All communications will be reviewed by the Chief Executive Officer of the Company, who will determine whether such communications are relevant and/or for a proper purpose and appropriate for Board review and, if applicable, submit such communications to the Board on a periodic basis.

Attendance of Directors at Annual Stockholder Meetings

All of the directors attended the 2004 annual stockholder meeting. Although the Company currently does not require directors to attend annual stockholder meetings, it does encourage directors to do so and welcomes their attendance. The Company generally schedules a Board meeting in conjunction with the Meeting and plans to continue to do so in the future. The Company expects that directors will attend annual stockholder meetings absent a valid reason.

Nomination and Election of Directors

When seeking candidates for director, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management or others. After conducting an initial evaluation of a candidate, the committee will interview that

candidate if it believes the candidate might be suitable to serve as a director. The committee may also ask the candidate to meet with Company management. If the committee believes a candidate would be a valuable addition to the Board and there is either a vacancy on the Board or the committee believes it is in the best interests of the Company and our stockholders to increase the number of Board members to elect that candidate, it will recommend to the full Board that candidate's election.

Before nominating a sitting director for re-election at an annual stockholder meeting, the committee will consider the director's performance on the Board and whether the director's re-election would be in the best interests of the Company's stockholders and consistent with the Company's corporate governance guidelines and the Company's continued compliance with applicable law, rules and regulations.

The Board believes that it should be comprised of directors with diverse and complementary backgrounds, and that directors should have expertise that, at a minimum, may be useful to the Company and may contribute to the success of the Company's business. Directors also should possess the highest personal and professional ethics and should be willing and able to devote an amount of time sufficient to effectively carry out their duties and contribute to the success of the Company's business. When considering candidates for director, the Committee takes into account a number of factors, including the following:

- * Independence from management;
- * Age, gender and ethnic background;
- * Relevant business experience;
- * Judgment, skill and integrity;
- * Existing commitments to other businesses;
- * Potential conflicts of interest;
- * Corporate governance background;
- * Financial and accounting background;
- * Executive compensation background; and
- * Size and composition of the existing Board.

The Nominating and Corporate Governance Committee will consider candidates for director suggested by stockholders by considering the foregoing criteria and the additional information referred to below. Stockholders wishing to suggest a candidate for director should write to the Company, c/o Investor Relations, 2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207 and include the following:

- * The name and address of the stockholder and a statement that he, she or it is a stockholder of the Company

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and is proposing a candidate for consideration by the committee;

- * The class and number of shares of Company capital stock, if any, owned by the stockholder as of the record date for the annual stockholder meeting (if such date has been announced) and as of the date of the notice, and length of time such stockholder has held such shares;
- * The name, age and address of the candidate;
- * A description of the candidate's business and educational experience;

* The class and number of shares of Company capital stock, if any, owned by the candidate, and length of time such candidate has held such shares;

* Information regarding each of the foregoing criteria the Board generally considers, other than the factor regarding Board size and composition, sufficient to enable the committee to evaluate the candidate;

* A description of any relationship between the candidate and any customer, supplier or competitor of the Company or any actual or potential conflict of interest;

* A description of any relationship or understanding between the stockholder and the candidate; and

* A statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Certificate of Incorporation and Bylaws presently provide that our Board shall consist of three to fifteen members, shall be divided into three classes as nearly equal in number as possible, and that each Director shall serve for a term of three years and until his successor is elected and qualified or until his earlier resignation, death or removal. By resolution, the Board has set the number of its members at seven. The term of office of one class of Directors expires each year in rotation so that one class is elected at each annual meeting of stockholders for a three-year term. The Board presently consists of seven members.

Members of each class serve a term of three years until the respective annual meeting of stockholders and election and qualification of their successors. Dr. Link and Mr. Meakem are members of the Class 1 Directors with their terms set to expire upon the Meeting. Mr. Duty and Dr. Howell are members of the Class 2 Directors with their terms set to expire upon the annual meeting of stockholders in 2006. Messrs. McDade, Gray and Flinn are members of the Class 3 Directors with their terms set to expire upon the annual meeting of stockholders in 2007. Each of our officers is selected by the Board for a term of one year. There is no family relationship among any of the directors or executive officers.

Nominees for Term Expiring at the Meeting (Class 1 Directors)

Dr. Link and Mr. Meakem are the members of the Class 1 Directors. Dr. Link has served as director since 1996 and Mr. Meakem has served as director since 2001. The terms of Dr. Link and Mr. Meakem expire at the Meeting. If elected at the Meeting, all two will serve for a term of three years expiring on the date of the annual meeting of stockholders in 2008. The terms of the other five Directors will continue as indicated below.

Business and Experience of Nominees for Director

Max Link, Ph.D. has been one of our directors since 1996. Dr. Link is also a Chairman of the Audit &

Finance Committee of the Board and a member of the Compensation Committee of the Board. He has held a

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number of executive positions with pharmaceutical and health care companies. Most recently, from March 2001 until August 2003, Dr. Link served as Chairman and CEO of Centerpulse, Ltd. (now a part of Zimmer Holdings, Inc.). From May 1993 until June 1994, he served as Chief Executive Officer of Corange Limited. Prior to joining Corange, Dr. Link served in a number of positions with Sandoz Pharma Ltd., including Chief Executive Officer, from 1987 until April 1992, and Chairman, from April 1992 until May 1993. Dr. Link currently serves on the board of directors of six other publicly-traded life science companies: Alexion Pharmaceuticals, Inc., Cell Therapeutics, Inc., Celsion Corporation, Inc., Discovery Laboratories, Inc., Human Genome Sciences, Inc., and Protein Design Labs, Inc. Dr. Link received his Ph.D. in Economics from the University of St. Gallen in 1970.

Mr. John J. Meakem, Jr. has been one of our directors since 2001. Mr. Meakem is also a member of the Audit & Finance Committee of the Board. Mr. Meakem is a private investor with portfolio holdings in innovative companies with a particular focus on healthcare. Most recently Mr. Meakem served as Chairman of the Board, President and Chief Executive Officer of Advanced Polymer Systems, Inc. from 1991 to 2000. Prior to 1991, he was Corporate Executive Vice President of Combe, Inc. and President of Combe North America. Prior to 1970, Mr. Meakem was with Vick Chemical Company, a division of Richardson Merrell Drug Corporation, for ten years as Vice President of Marketing, New Products & Acquisitions.

The nominees have consented to serve as our Directors and the Board has no reason to believe that either nominee will be unavailable for such service.

The Board recommends a vote "FOR" the proposed nominees to the Board and the enclosed proxy will be so voted unless a contrary vote is indicated. Each Director shall be elected by a plurality of the votes cast by the holders of Common Stock present in person or by proxy and entitled to vote at the Meeting.

UNLESS OTHERWISE INDICATED THEREON, THE ACCOMPANYING PROXY WILL BE VOTED FOR THE NOMINEES NAMED ABOVE. HOWEVER, THE PERSONS DESIGNATED AS PROXIES RESERVE THE RIGHT TO CAST VOTES FOR ANOTHER PERSON DESIGNATED BY THE BOARD IN THE EVENT THE NOMINEES ARE UNABLE OR UNWILLING TO SERVE.

Information With Respect to Directors Whose Terms Continue and Executive Officers

Directors Whose Term Expires at the Annual Meeting in 2006 (Class 2 Directors)

Mr. Stuart M. Duty has served as one of our directors since November 2002. Mr. Duty is also a member of the Audit & Finance Committee of the Board. Mr. Duty is currently a Partner at Oracle Partners, L.P. Prior to joining Oracle Partners, L.P. he held senior healthcare investment banking positions, most recently, from 1999 to 2001, as the

Co-Head of Healthcare Investment Banking at US Bancorp Piper Jaffray. From 1993 to 1999 he was Managing Director at NationsBank Montgomery Securities. In addition to his investment banking experience, Mr. Duty has worked in the biotechnology industry in a business development capacity.

Stephen B. Howell, M.D. has served as one of our directors since 1996. Dr. Howell is a Professor of Medicine at the University of California, San Diego, and director of the Cancer Pharmacology Program of the UCSD Cancer Center. Dr. Howell is a recipient of the Milken Foundation prize for his contributions to the field of cancer chemotherapy. He has served on the National Research Council of the American Cancer Society and is on the editorial boards of multiple medical journals. Dr. Howell founded DepoTech, Inc. and served as a member of its board of directors from 1989 to 1999. Dr. Howell served on the board of directors of Matrix Pharmaceuticals from 2000 to 2002. Dr. Howell received his AB at the University of Chicago and his MD from

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Harvard Medical School.

Directors Whose Term Expires at the Annual Meeting in 2007 (Class 3 Directors)

Mr. Herbert H. McDade, Jr. was elected to be one of our directors in 1988, and was Chairman of the Board until 2004. He is Chairman of the Compensation Committee of the Board. In February 1989, he was elected Vice-Chairman of the Board and Chief Executive Officer and served in such positions until 1996. In June 1989, he was elected Chairman of the Board and Treasurer in addition to his responsibilities as Chief Executive Officer, and from 1990 to January 1996 he was our President. In addition, he also serves on the board of Discovery Laboratories, Inc. From 1986 to 1987 he served as Chairman of the board of directors and President of Armour Pharmaceutical Co., a wholly-owned subsidiary of Rorer Group, Inc. Prior to 1986 he served for approximately 13 years in various executive positions at Revlon, Inc., including from 1979 to 1986, as President of the International Division of the Revlon Health Care Group. He was also previously associated for twenty years in various executive capacities with The Upjohn Company.

Mr. Kerry P. Gray has been our President and Chief Executive Officer and a director since January 1996. From June 1993 until January 1996, Mr. Gray served as President and Chief Executive Officer of Access Pharmaceuticals, Inc., a private Texas corporation. Previously, Mr. Gray served as Vice President and Chief Financial Officer of PharmaSciences, Inc., a company he co-founded to acquire technologies in the drug delivery area. From May 1990 to August 1991, Mr. Gray was Senior Vice President, Americas, Australia and New Zealand of Rhone-Poulenc Rorer, Inc. Prior to the Rorer/Rhone Poulenc merger, he had been Area Vice President Americas of Rorer International Pharmaceuticals. Previously, from January 1986 to May 1988, he was Vice President, Finance of Rorer International Pharmaceuticals, having served in that same capacity for the Revlon Health Care Group of companies before their acquisition by Rorer Group. Between 1975 and 1985, he held various senior financial positions with the Revlon Health Care Group.

Mr. J. Michael Flinn has served as one of our directors since 1983. Mr. Flinn is Chairman of the Board and a member of the Compensation Committee of the Board. Since 1970, he has been an investment counselor and was a consultant to the Operations Group of United Asset Management. From 1970 to 1996 he was a principal with the investment counseling firm of Sirach Capital Management, Inc. He assisted in the management of pension, profit sharing, individual, corporate and foundation accounts totaling over \$7.0 billion. He serves as a board member of Lonesome Dove Petroleum.

Executive Officers

In addition to Mr. Gray, set forth below is the business experience of our other executive officers.

David P. Nowotnik, Ph.D. has been Senior Vice President Research and Development since January 2003 and was Vice President Research and Development from 1998. From 1994 until 1998, Dr. Nowotnik had been with Guilford Pharmaceuticals, Inc. in the position of Senior Director, Product Development and was responsible for a team of scientists developing polymeric controlled-release drug delivery systems. From 1988 to 1994 he was with Bristol-Myers Squibb researching and developing technetium radiopharmaceuticals and MRI contrast agents. From 1977 to 1988 he was with Amersham International leading the project which resulted in the discovery and development of Ceretec.

Mr. Stephen B. Thompson has been Vice President since 2000 and our Chief Financial Officer since 1996. From 1990 to 1996, he was Controller and Administration Manager of Access Pharmaceuticals, Inc., a private

Texas corporation. Previously, from 1989 to 1990, Mr. Thompson was Controller of Robert E. Woolley, Inc., a hotel real estate company where he was responsible for accounting, finances and investor relations. From 1985 to 1989, he was Controller of OKC Limited Partnership, an oil and gas company, where he was responsible for accounting, finances and SEC reporting. Between 1975 and 1985 he held various accounting and finance positions with Santa Fe International Corporation.

Officers and Directors

Our directors and executive officers are as follows:

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Name	Age	Title
J. Michael Flinn	71	Chairman of the Board
Kerry P. Gray	52	President, Chief Executive Officer, Director
Stuart M. Duty	40	Director
Stephen B. Howell, M.D.	60	Director
Max Link, Ph.D.	64	Director
Herbert H. McDade, Jr.	78	Director

John J. Meakem, Jr. 68 Director

David P. Nowotnik, Ph.D. 56 Senior Vice President Research & Development

Stephen B. Thompson 51 Vice President, Chief Financial Officer,
Treasurer

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Meetings of the Board and Committees

The Board held a total of seven meetings during the 2004 fiscal year. The standing committees of the Board are the Audit and Finance Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. During the 2004 fiscal year, each Director attended at least 75% of the aggregate of the total number of meetings of the Board and all meetings held by all committees on which the individual director served.

The Audit and Finance Committee presently is composed of three directors, Max Link, Ph.D., Stuart M. Duty and John J. Meakem, Jr., each of whom the Board has determined is independent under applicable SEC and AMEX rules and regulations. The Board has determined that Dr. Link is qualified to be an "audit committee financial expert" under applicable rules and regulations of the SEC. The Audit and Finance Committee is governed by a charter, which is available on the Company's website at www.accesspharma.com and delegates to the Audit and Finance Committee, among other things, the responsibility to engage the independent auditors, review the audit fees, supervise matters relating to audit functions and review and set internal policies and procedure regarding audits, accounting and other financial controls. During the 2004 fiscal year, the Audit and Finance

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Committee met three times.

The Compensation Committee presently is composed of three directors, Herbert H. McDade, Jr., J. Michael Flinn and Max Link, each of whom the Board has determined is independent under applicable AMEX rules and regulations. Responsibilities of this committee include approval of remuneration arrangements for executive officers of the Company, review and approval of compensation plans relating to executive officers and directors, including grants of stock options under the Company's 1995 Stock Awards Plan and 2000 Special Stock Option Plan, and other benefits and general review of the Company's employee compensation policies. The charter of the Compensation Committee is available on the Company's website at www.accesspharma.com. During the 2004 fiscal year, the Compensation Committee met two times.

The Nominating and Corporate Governance Committee is composed of three directors, Stuart M. Duty, John J. Meakem and Max Link, Ph.D., each of whom the Board has determined is independent under applicable AMEX rules and regulations. The Nominating and Corporate Governance Committee is responsible for, among other things, considering potential Board members, making recommendations to the full Board as to nominees for election to the Board, assessing the effectiveness of the Board and implementing the Company's corporate governance guidelines. The charter of the

Nominating and Corporate Governance Committee is available on the Company's website at www.accesspharma.com.

Compensation of Directors

Each director who is not our employee receives a quarterly fee of \$3,000 and \$1,000 per quarter per committee (aggregate for all committees) in which he/she is a member. The Chairman of the Board is paid an additional \$1,000 per quarter and the Chairman of each of the Audit and Finance and Compensation Committee is paid an additional \$500 per quarter. Each director will have \$2,000 deducted from their fee if more than one Board meeting is missed and \$1,000 deducted per committee meeting missed. In addition, we reimbursed each director, whether an employee or not, the expenses of attending board and committee meetings. Each non-employee director is also entitled to receive options to purchase 12,500 shares of our common stock on the date of each annual meeting of stockholders and options to purchase 20,000 shares of common stock when he/she is first appointed as a director.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) ("Section 16(a)") of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of such securities. Directors, officers and 10% holders are required by SEC rules to furnish us with copies of all of the Section 16(a) reports they file.

Based solely on a review of reports furnished to us during the 2004 fiscal year or written representatives from our directors and executive officers, none of our directors, executive officers and 10% holders failed to file on a timely basis reports required by Section 16(a) during the 2004 fiscal year, except for Messrs. McDade, Meakem and Nowotnik, who each filed one late Form 4, reporting one transaction each.

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Executive Compensation

The following table sets forth the aggregate compensation paid to our CEO and each of our other executive officers whose aggregate salary and bonus exceeded \$100,000 for services rendered in all capacities for the fiscal years ended December 31, 2004, 2003 and 2002.

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Summary Compensation Table

Name and Principal Position	Year	Long-term Compensation Awards					Compensation
		Salary(1)	Bonus(2)	Securities			
				Restricted Stock(\$)(3)	Underlying Options(#)	All Other(4)	
Kerry P. Gray	2004	\$384,449	\$ -	-	100,000	\$ 11,470	
President and CEO	2003	366,848	130,000	-	140,000	10,837	

David P. Nowotnik, Ph.D.	2004	\$238,995	\$ -	-	25,000	\$ 6,433
Senior Vice President	2003	226,530	24,154	20,412	35,000	6,042
Research and Development(4)	2002	212,001	20,142	19,960	50,000	5,648

Stephen B. Thompson	2004	\$145,260	\$ -	-	15,000	\$ 3,365
Vice President,	2003	138,030	14,704	12,474	20,000	3,918
Chief Financial Officer	2002	129,501	12,474	12,176	30,000	3,540

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(1) Includes amounts deferred under our 401(k) Plan.

(2) Includes bonuses earned in the reported year but paid in the following year.

(3) The value of all restricted stock for each named individual at December 31, 2004 is: Mr. Gray - \$118,445; Dr. Nowotnik - \$75,207; and Mr. Thompson - \$45,847.

(4) Amounts reported for fiscal years 2004, 2003, and 2002 consist of: (i) amounts we contributed to our 401(k) Plan with respect to each named individual, (ii) amounts we paid for group term life insurance for each named individual, and (iii) for Mr. Gray, premiums paid by us each year for life insurance for Mr. Gray.

(5) Mr. Gray's 2002 bonus of \$110,000 was deferred, by election of the Compensation Committee and Mr. Gray, until certain performance goals were met. The primary goal of the Company's signing a licensing or equity agreement at certain levels was met and the bonus was paid in 2004.

Option Grants in the 2004 Fiscal Year

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Individual Option Grants In Last Fiscal Year

Name	Number of Underlying Options Granted(#)	Percent of Total Employees in Fiscal Year(1)	Exercise Price \$/Sh(2)	Potential Realizable Value at Assumed Annual Rates of Stock Appreciation For Option Term(3)	
				5%	10%
<S>	<C>	<C>	<C>	<C>	<C>
Kerry P. Gray (4)	100,000	32%	\$5.85	1/23/14	\$368,000 \$932,000
David P. Nowotnik (4)	25,000	8%	\$5.85	1/23/14	\$92,000 \$233,000
Stephen B. Thompson(4)	15,000	5%	\$5.85	1/23/14	\$55,000 \$140,000

</TABLE>

(1) Based on an aggregate of 314,200 options granted to employees in the 2004 fiscal year, including options granted to the named individual.

(2) The exercise price of each grant is the closing price on the date of grant as quoted on AMEX.

(3) Potential realizable value is based on the assumption that the price per share of our Common Stock appreciates at the assumed annual rate of stock appreciation for the option term. There is no assurance that the assumed 5% and 10% annual rates

of appreciation (compounded annually) will actually be realized over the term of the option. The assumed 5% and 10% annual rates are set forth in accordance with the rules and regulations adopted by the SEC and do not represent our estimate of stock price appreciation.

(4) Mr. Gray, Dr. Nowotnik and Mr. Thompson's options vest 25% after twelve months and the remaining 75% vest 2.083% monthly commencing twelve months from the date of grant and are exercisable in full 48 months after the date of grant.

Option Exercises and Year-End Value Table

The following table includes the number of shares covered by both exercisable and non-exercisable stock options as of December 31, 2004. Also reported are the values of "in-the-money" stock options which represent the positive spread between the exercise price of any such existing stock options and the year-end price of our Common Stock.

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<TABLE>

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Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values

Name	Number of Shares Acquired On Exercise	Value Realized(\$)	Value of	
			Number of Securities Underlying Options at Fiscal Year End	Unexercised In-The-Money Options at Fiscal Year End
			Exercisable/Unexercisable	(\$)(1) at Fiscal Year End
Kerry P. Gray	-	-	1,257,083/222,917	\$936,000/\$90,000
David P. Nowotnik, Ph.D.	-	-	201,146/ 58,854	\$181,000/\$28,000
Stephen B. Thompson	-	-	115,208/ 34,792	\$103,000/\$16,000

</TABLE>

(1) On December 31, 2004, the closing price of our Common Stock as quoted on AMEX was \$3.54.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2004 about shares of Common Stock outstanding and available for issuance under our existing equity compensation plans.

<TABLE>

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Plan Category	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
	Number of securities to be issued upon exercise of outstanding warrants and rights	Weighted-average exercise price of outstanding warrants and rights
(a)	(b)	(c)

<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders			
1995 Stock Awards Plan	2,182,181	\$3.76	129,780
2001 Restricted Stock Plan	126,474	-	38,762
Equity compensation plans not approved by security holders			
2000 Special Stock Option Plan	500,000	\$2.50	-
Total	2,808,655	\$3.37	168,542

</TABLE>

Compensation Pursuant to Agreements and Plans

Employment Agreements

We are party to an employment agreement with Kerry P. Gray, our President and Chief Executive Officer, which expires March 31, 2006 and which thereafter may be automatically renewed for successive one-year periods. Under this agreement, Mr. Gray is currently entitled to receive an annual base salary of \$390,000, subject to adjustment by the Board. Mr. Gray is eligible to participate in all of our employee benefit programs available to executives. Mr. Gray is also eligible to receive:

- * a bonus payable in cash and Common Stock related to the attainment of reasonable performance goals specified by the Board;
- * stock options at the discretion of the Board;
- * long-term disability insurance to provide compensation equal to at least 60% of his annual base salary; and
- * term life insurance coverage of \$400,000.

Mr. Gray is entitled to certain severance benefits in the event that we terminate his employment without cause or if Mr. Gray terminates his employment following a change of control. In the event that we terminate the employment agreement for any reason, other than for cause, Mr. Gray would receive the salary due and his target bonus for the remaining term of the agreement or 18 months, whichever is longer. We will also continue benefits for such period. In the event that Mr. Gray's employment is terminated within six months following a change in control or by Mr. Gray upon the occurrence of certain events following a change in control, Mr. Gray would receive two years salary and his target bonus and his stock options shall become immediately exercisable. We will also continue payment of benefits for such period. The employment agreement imposes upon Mr. Gray a covenant not to compete with us for up to 18 months following the termination date.

We are party to an employment agreement with David P. Nowotnik, Ph.D., our Senior Vice President, Research and Development, which expires November 16,

2005 and which thereafter may be automatically renewed for successive one-year periods. Under this agreement, Dr. Nowotnik is currently entitled to receive an annual base salary of \$241,980, subject to adjustment by the Board. Dr. Nowotnik is eligible to participate in all of our employee benefit programs available to executives. Dr. Nowotnik is also eligible to receive:

* a bonus payable in cash and common stock related to the attainment of reasonable performance goals specified by the Board;

* stock options at the discretion of the Board;

* long-term disability insurance to provide compensation equal to at least \$60,000 annually; and

* term life insurance coverage of \$242,000.

Dr. Nowotnik is entitled to certain severance benefits in the event that we terminate his employment without cause or if Dr. Nowotnik terminates his employment following a change of control. In the event that we terminate the employment agreement for any reason, other than for cause, Dr. Nowotnik would receive the salary due for six months. We will also continue benefits for such period. In the event that Dr. Nowotnik's employment is terminated within six months following a change in control or by Dr. Nowotnik upon

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the occurrence of certain events following a change in control, Dr. Nowotnik would receive twelve months salary and his stock options shall become immediately exercisable. We will also continue payment of benefits for such period.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee operates under a written charter adopted by the Board and is responsible for making all compensation decisions for the Company's named executives including determining base salary and annual incentive compensation amounts and recommending stock option grants and other stock-based compensation under our equity incentive plans.

Overall Objectives of the Executive Compensation Program

The purpose of our compensation plan is to attract, retain and motivate key management employees. It is our philosophy to pay our executives at levels commensurate with both industry levels and individual experience and performance. A primary consideration in developing our executive compensation programs is to link the long-term financial interests of executives with those of the Company and our stockholders. Throughout the 2004 fiscal year, the Compensation Committee reviewed compensation for comparable organizations in order to establish our total compensation program and to recommend awards under our equity incentive plans.

Base Salary Program

It is our policy to establish salaries at a level approximating the average of the competitive levels in comparable companies in the bio-medical industry and to provide annual salary increases reflective of an executive's performance, level of responsibility

and position with the Company. Based on a review of comparable organizations, Mr. Gray's base annual salary for 2004 was established at \$390,000.

Annual Incentive

Each year, the Compensation Committee evaluates the performance of the Company as a whole, as well as the performance of each individual executive. Factors considered include Company development, performance against objectives, advancement of our research and development programs, commercial operations, product acquisition, and in-licensing and out-licensing agreements. The Compensation Committee does not utilize formalized mathematical formulas, nor does it assign weightings to these factors. The Compensation Committee, in its sole discretion, determines the amount, if any, of incentive payments to be awarded to each executive based on an individual's targeted incentive payment. The Compensation Committee believes that analysis of our corporate growth requires subjectivity on the part of the Compensation Committee when determining incentive payments. The Compensation Committee believes that specific formulas restrict flexibility. Based on this criteria, for the 2003 fiscal year Mr. Gray was awarded an annual incentive payment of \$130,000.

Stock Option Plans

In 1995, the Board adopted and our stockholders approved our 1995 Stock Awards Plan, as amended. The 1995 Stock Awards Plan provides for the issuance of up to a maximum of 2,500,000 shares of our Common Stock to our employees, directors and consultants or any of our subsidiaries. Options granted under the 1995

Stock Awards Plan may be either incentive stock options or options which do not qualify as incentive stock options. In 2000, the Board adopted the 2000 Special Stock Option Plan and Agreement (the "2000 Plan"). The 2000 Plan provides for the award of options to purchase a maximum of 500,000 shares of the authorized but unissued shares of our Common Stock.

The stock option plans are administered by a committee of at least three non-employee members of the Board, chosen by the Board, and is currently administered by the Compensation Committee. The current members of the Compensation Committee are Dr. Link, Mr. Flinn and Mr. McDade. The Compensation Committee has the authority to determine those individuals to whom stock options should be granted, the number of shares to be covered by each option, the option price, the type of option, the option period, the vesting restrictions, if any, with respect to exercise of each option, the terms for payment of the option price and other terms and conditions of each option.

Our non-employee directors, who include members of the Compensation Committee, are eligible to receive options under the 1995 Stock Awards Plan. Each non-employee director is entitled to receive options to purchase 12,500 shares of our Common Stock on the date of each annual meeting of stockholders and options to purchase 20,000 shares of Common Stock when he/she is first appointed as a director.

Mr. Gray received option grants in the 2004 fiscal year of 100,000. At December 31, 2004, we had granted to Mr. Gray options under the 1995 Stock Awards Plan and the 2000 Plan to purchase an aggregate of 1,480,000 shares of Common Stock at a weighted average exercise price per share of \$3.52.

We also have a restricted stock plan, the 2001 Restricted Stock Plan, under which 200,000 shares of our authorized but unissued Common Stock were reserved for issuance to certain employees, directors, consultants and advisors. The restricted stock granted under the plan generally vests over five years, 25% two years after the grant date with an additional 25% vesting on the next three anniversary dates. All stock is vested after five years. At December 31, 2004 there were 161,238 shares granted and 38,762 shares available for grant under the 2001 Restricted Stock Plan. At December 31, 2004 we had granted to Mr. Gray an aggregate of 52,841 shares of restricted stock under the 2001 Restricted Stock Plan of which 19,382 shares had vested.

Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, currently imposes a \$1 million limitation on the deductibility of certain compensation paid to each of our five highest paid executives. Excluded from this limitation is compensation that is "performance based." For compensation to be performance based it must meet certain criteria, including being based on predetermined objective standards approved by stockholders. In general, we believe that compensation relating to options granted under the 1995 Stock Awards Plan and 2000 Plan should be excluded from the \$1 million limitation calculation. Compensation relating to our incentive compensation awards do not currently qualify for exclusion from the limitation, given the discretion that is provided to the Compensation Committee in establishing the performance goals for such awards. The Compensation Committee believes that maintaining the discretion to evaluate the performance of our management is an important part of its responsibilities and inures to the benefit of our stockholders. The Compensation Committee, however, intends to take into account the potential application of Section 162(m) with respect to incentive compensation awards and other compensation decisions made by it in the future.

Conclusion

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The Compensation Committee believes these executive compensation policies effectively serve the interests of the stockholders. The Compensation Committee believes that the various pay vehicles offered are appropriately balanced to provide increased motivation for executives to contribute to our overall future successes, thereby enhancing the value of the Company for the stockholders' benefit.

Herbert H. McDade, Jr., Chairman
J. Michael Flinn, Member
Max Link, Ph.D., Member

REPORT OF THE AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee of the Board

operates under a written charter adopted by the Board in May 2001 and amended and restated by the Board in January 2004, which charter is available on the Company's website at <http://www.accesspharma.com>. The members of the Audit and Finance Committee are Messrs. Duty and Meakem and Dr. Link. The Company believes that all members of the Audit and Finance Committee meet the independence standards of Section 121(A) of the AMEX listing standards. In accordance with its written charter, the Audit and Finance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company.

In discharging its oversight responsibility as to the audit process, the Audit and Finance Committee obtained from the Company's independent accountants a formal written statement describing all relationships between the accountants and the Company that might bear on the accountants' independence consistent with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees." The Audit and Finance Committee discussed with the independent accountants any relationships that may impact their objectivity and independence and satisfied itself as to that firm's independence.

The Audit and Finance Committee discussed and reviewed with the independent accountants all communications required by generally accepted accounting standards, including those described in Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees." In addition, the Audit and Finance Committee met with and without management present, and discussed and reviewed the results of the independent accountants' examination of the Company's financial statements.

Based upon the Audit and Finance Committee's discussion with management and the independent accountants and the Audit and Finance Committee's review of the representation of management and the report of the independent accountants to the Audit and Finance Committee, the Audit and Finance Committee recommended to the Board that the Company include the audited consolidated financial statements in its Annual Report on Form 10-K for the 2004 fiscal year for filing with the SEC. The Audit and Finance Committee also recommended the reappointment, subject to stockholder ratification, of the independent accountants and the Board concurred with such recommendation.

Max Link, Chairman
Stuart M. Duty, Member
John J. Meakem, Jr., Member

Compensation Committee Interlocks And Insider Participation

The members of the Compensation Committee of the Board are Mr. McDade, Mr. Flinn and Dr. Link. The Compensation Committee makes recommendations to the Board regarding executive compensation matters, including decisions relating to salary and annual incentive payments and grants of stock options. During the 2004 fiscal year, no executive officer of the Company served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as members of the Board or our Compensation Committee.

Stockholder Return Performance Presentation

Set forth below is a line graph comparing our cumulative stockholder return on our Common Stock with the cumulative total return of the NASDAQ Biotech Index and the Russell 2000 Index for the five fiscal years commencing December 31, 1999. The graph assumes an investment of \$100 at the beginning of the period.

Insert Graph

<TABLE>
<CAPTION>

Total Returns Index for 12/31/99 12/31/00 12/31/01 12/31/02 12/31/03 12/31/04

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Access Pharmaceuticals, Inc.	\$100.00	250.03	222.00	74.99	261.98	176.98
NASDAQ Biotech Index	\$100.00	122.98	103.05	56.35	82.12	87.14
Russell 2000 Index	\$100.00	96.97	99.47	79.09	116.47	137.82

</TABLE>

The foregoing graph is based on historical data and is not necessarily indicative of future performance.

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Certain Relationships and Related Transactions

On October 12, 2000, the Board authorized a restricted stock purchase program. Under the program, our executive officers were given the opportunity to purchase shares of Common Stock in an individually designated amount per participant determined by our Compensation Committee. A total of 180,000 shares were purchased by such officers at \$5.50 per share, the fair market value of the Common Stock on October 12, 2000, for an aggregate consideration of \$990,000. The purchase price was paid through the participant's delivery of a 50%-recourse promissory note payable to us. Each note bears interest at 5.87% compounded semi-annually and has a maximum term of ten years. The notes are secured by a pledge to us of the purchased shares. We recorded the notes receivable of \$990,000 from participants in this program as a reduction of equity in the Consolidated Balance Sheet. As of December 31, 2004, principal and interest on the notes was: Mr. Gray - \$702,000; Dr. Nowotnik - \$351,000; and Mr. Thompson - \$211,000. In accordance with the Sarbanes-Oxley Act of 2002, we no longer make loans to our executive officers.

Stephen B. Howell, MD. Dr. Howell, one of our directors, also serves as a scientific consultant pursuant to a consulting agreement with us that provides for a minimum of ten days consulting during 2005 at a rate of \$2,800 per month plus expenses. Dr. Howell received warrants to purchase 10,000 shares of our Common Stock at \$4.96 per share that can be exercised until January 1, 2009; warrants to purchase 15,000 shares of our Common Stock at \$3.00 per share that can be exercised until January 1, 2008; and, warrants to purchase 30,000 shares of our Common Stock at \$3.00 per share that were

exercisable on or before February 1, 2005. During 2004, Dr. Howell was paid \$58,000 in consulting fees; during 2003 Dr. Howell was paid \$60,000 in consulting fees; and during 2002 Dr. Howell was paid \$55,000 in consulting fees. Dr. Howell's original agreement with us expired January 31, 2005 but was renewed and now expires February 28, 2006.

Security Ownership of Certain Beneficial Owners and Management

Based solely upon information made available to us, the following table sets forth certain information with respect to the beneficial ownership of our Common Stock as of April 11, 2005 by (i) each person who is known by us to beneficially own more than five percent of our Common Stock; (ii) each of our directors; (iii) each of our executive officers; and (iv) all our executive officers and directors as a group. Beneficial ownership as reported in the following table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Except as otherwise indicated, the holders listed below have sole voting and investment power with respect to all shares of our Common Stock beneficially owned by them. The address of each holder listed below, except as otherwise indicated, is c/o Access Pharmaceuticals, Inc., 2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207.

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<TABLE>

<CAPTION>

Common Stock Beneficially Owned

Name	Number of Shares(1)	% of Class
<S>	<C>	<C>
Herbert H. McDade, Jr.(2)	87,257	1.0%
Kerry P. Gray (3)	1,546,181	9.1%
Stuart M. Duty (4)	20,000	*
J. Michael Flinn (5)	155,695	1.0%
Stephen B. Howell, M.D. (6)	155,695	1.0%
Max Link, Ph.D. (7)	72,000	*
John J. Meakem, Jr. (8)	100,000	1.0%
David P. Nowotnik, Ph.D. (9)	305,912	1.9%
Stephen B. Thompson (10)	173,022	1.1%
Heartland Advisors, Inc. (11)	1,715,300	10.9%
Larry Feinberg (12)	1,954,200	11.9%
All Directors and Executive Officers as a group (consisting of 9 persons) (13)	2,631,404	14.9%

</TABLE>

* Less than 1%

(1) Includes our Common Stock held plus all options exercisable within 60 days of April 11, 2005

(2) Including presently exercisable options for the purchase of 50,000 shares of our Common Stock pursuant to the 1995 Stock Option Plan. Also

includes 1,000 shares of our Common Stock owned by Thoma Corporation of which Mr. McDade is the beneficial owner.

(3) Kerry P. Gray, 2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207, beneficially owns 236,181 shares of our Common Stock. Mr. Gray is known to be the beneficial owner of more than five percent of our Common Stock. Mr. Gray's ownership includes presently exercisable options for the purchase of 1,310,000 shares of our Common Stock pursuant to the 1995 Stock Option Plan and the 2000 Special Stock Option Plan.

(4) Mr. Duty is a partner in Oracle Partners, L.P. Oracle Partners, L.P. and affiliates (Oracle Institutional Partners, L.P., Oracle Investment Management, Inc., Sam Oracle Fund, Inc., and Larry N. Feinberg) are known to beneficially own an aggregate of 1,945,200 shares of our Common Stock. Mr. Duty disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein.

(5) Including presently exercisable options for the purchase of 70,000 shares of our Common Stock pursuant to the 1995 Stock Option Plan.

(6) Including presently exercisable options for the purchase of 52,084 shares of our Common Stock pursuant to the 1995 Stock Option Plan and a warrant to purchase 30,000 shares of our Common Stock at an exercise price of \$3.00 per share, a warrant to purchase 10,000 shares of our Common Stock at an exercise price of \$4.91 per share, and a warrant to purchase 15,000 shares of our Common Stock at an exercise price of \$3.00 per share.

(7) Including presently exercisable options for the purchase of 22,500 shares of our Common Stock pursuant to the 1995 Stock Option Plan.

(8) Including presently exercisable options for the purchase of 55,000 shares of our Common Stock pursuant to the 1995 Stock Option Plan.

(9) Including presently exercisable options for the purchase of 218,333 shares of our Common Stock pursuant to the 1995 Stock Option Plan.

(10) Including presently exercisable options for the purchase of 125,417 shares of our Common Stock pursuant to the 1995 Stock Option Plan.

(11) Heartland Advisors, Inc., 789 North Water Street, Milwaukee, WI 53202, beneficially owns 1,715,300 shares of our Common Stock. Heartland is known to be the beneficial owner of more than ten percent of our Common Stock. William J. Nasqvitz, as

a result of his stock ownership of Heartland, could be deemed to have voting and/or investment power over the shares Heartland beneficially owns. The information set forth in this footnote is based on a Schedule 13G filed by Heartland on January 13, 2005.

(12) Larry N. Feinberg and affiliates, Oracle Partners, L.P., Oracle Institutional Partners, L.P., Oracle Investment Management, Inc., and Sam Oracle Fund, Inc., 712 Fifth Avenue, 45th Floor, New York, NY 10019 are known to beneficially own more than ten

percent of our Common Stock. The information set forth in this footnote is based on a Schedule 13D filed by Mr. Feinberg on November 14, 2002. Includes 730,000 shares of our Common Stock issuable upon conversion of Convertible Notes at a conversion price of \$5.50 per share. Mr. Duty, our director and partner in Oracle Partners, L.P., disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(13) Does not include Heartland Advisors, Inc. or Larry N. Feinberg and affiliates.

PROPOSAL 2

APPROVAL OF THE 2005 EQUITY INCENTIVE PLAN

On January 21, 2005, the Board adopted, subject to stockholder approval, the Access Pharmaceuticals, Inc. 2005 Equity Incentive Plan (the "2005 Plan") pursuant to which 700,000 shares of Common Stock shall be available for issuance to employees of or consultants to one or more of the Company and its affiliates or to non-employee members of the Board or of any board of directors (or similar governing authority) of any affiliate of the Company. The material features of the 2005 Plan are outlined below.

Purpose. The Plan is intended to encourage ownership of Common Stock by employees, consultants and directors of the Company and its affiliates to provide additional incentive for them to promote the success of the Company's business.

Administration. The Plan is administered by the Compensation Committee of the Board of Directors (the "Committee"). Subject to the provisions of the Plan, the Committee has discretion to determine the employee, consultant or director to receive an award, the form of award and any acceleration or extension of an award. Further, the Committee has complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective award agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. In addition, the Committee may delegate to an executive officer or officers the authority to grant awards to employees who are not officers, and to consultants, in accordance with applicable Committee guidelines.

Eligibility. Awards may be granted to any employee of or consultant to one or more of the Company and its affiliates or to non-employee member of the Board or of any board of directors (or similar governing authority) of any affiliate. The maximum number of shares issuable pursuant to awards under the Plan may not exceed 700,000 to any one person in any one calendar year.

Shares Subject to the Plan. The shares issued or to be issued under the Plan are shares of the Company's common stock, \$0.01 par value (the "Common Stock"), which may be authorized but unissued shares, treasury shares, reacquired shares, or any combination thereof. A maximum of 700,000 shares of Common Stock have been reserved for issuance pursuant to the Plan.

Types of Awards. Awards under the Plan include Incentive Stock Options, Nonstatutory Stock Options,

Restricted Stock, Stock Appreciation Rights and Stock Grants.

Nonstatutory Stock Options and Incentive Stock Options (which are intended to meet the requirements of

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Section 422 of the Internal Revenue Code of 1986, as amended (the "Code")) (together, "Stock Options") are rights to purchase Common Stock of the Company. Each Stock Option shall be evidenced by an instrument in such form as the Committee shall prescribe and shall specify (i) the exercise price, (ii) the number of shares of Common Stock subject to the Stock Option and (iii) such other terms and conditions, including, but not limited to, the method of exercise and any restrictions upon the Stock Option or the Common Stock issuable upon exercise thereof, as the Committee, in its discretion, shall establish.

A Stock Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. A Stock Option may be exercised by the participant giving written notice to the Company, accompanied by payment of an amount equal to the exercise price of the shares to be purchased. The purchase price may be paid by cash, check or, to the extent not prohibited by applicable law and subject to such conditions, if any, as the Committee may deem necessary or desirable, by delivery to the Company of shares of Common Stock, the participant's executed promissory note, or through and under the terms and conditions of any formal cashless exercise program authorized by the Company. Unless the Committee shall provide otherwise with respect to any Stock Option, if the participant's employment or other association with the Company and its affiliates ends for any reason, any outstanding Stock Option of the participant shall cease to be exercisable in any respect not later than 90 days following that event and, for the period it remains exercisable following that event, shall be exercisable only to the extent exercisable at the date of that event. Notwithstanding the foregoing, no Stock Option shall be exercisable after the tenth anniversary of the date it is granted.

Incentive Stock Options may be granted only to eligible employees of the Company or any parent or subsidiary corporation, must have an exercise price of not less than 100% of the fair market value of the Company's Common Stock on the date of grant (110% for Incentive Stock Options granted to any 10% stockholder of the Company) and must have a term of not more than ten years (five years in the case of an Incentive Stock Option granted to any 10% stockholder of the Company). In the case of an Incentive Stock Option, the amount of the aggregate fair market value of Common Stock (determined at the time of grant) with respect to which Incentive Stock Options are exercisable for the first time by an employee during any calendar year (under all such plans of his employer corporation and its parent and subsidiary corporations) shall not exceed \$100,000.

Awards of Restricted Stock are grants or sales of Common Stock which are subject to a risk of forfeiture. Each award of Restricted Stock shall be evidenced by an instrument in such form as the Committee shall prescribe, which instrument will

specify (i) the number of shares of Common Stock to be issued to a participant pursuant to the award and the extent, if any, to which they shall be issued in exchange for cash, other property or services or any combination thereof, and (ii) such other terms and conditions as the Committee, in its discretion, shall establish. Unless the Committee shall provide otherwise for any Award of Restricted Stock, upon termination of a participant's employment or other association with the Company and its affiliates for any reason during the restriction period, all shares of Restricted Stock still subject to risk of forfeiture shall be forfeited or otherwise subject to return to or repurchase by the Company on the terms specified in the award agreement.

Stock Appreciation Rights are rights to receive (without payment to the Company) cash, property or other forms of payment, or any combination thereof, as determined by the Committee, based on the increase in the value of the number of shares of Common Stock specified in the Stock Appreciation Right. Each award of a Stock Appreciation Right shall be evidenced by an instrument in such form as the Committee shall prescribe, which instrument will specify (i) a "hurdle" price in an amount determined by the Committee, (ii) the number of shares of Common Stock subject to such award, and (iii) such other terms and conditions as the Committee, in its discretion, shall establish. A Stock Appreciation Right may be exercised in accordance with such written

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instrument and at such time or times and in such installments as the Committee may establish. Unless the Committee shall provide otherwise with respect to any Stock Appreciation Right, any outstanding Stock Appreciation Right shall cease to be exercisable not later than 90 days following a participant's termination of employment or other association with the Company and its affiliates. Notwithstanding the foregoing, no Stock Appreciation Right shall be exercisable after the tenth anniversary of the date it is granted.

A Stock Grant is a grant of shares of Common Stock not subject to restrictions or other forfeiture conditions.

Transferability. Except as otherwise provided herein, Stock Options and Stock Appreciation Rights shall not be transferable, and no Stock Option, Stock Appreciation Right or interest therein may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All of a participant's rights in any Stock Option or Stock Appreciation Right may be exercised during the life of the participant only by the participant or the participant's legal representative. However, the Committee may, at or after the grant of a Nonstatutory Option provide that such Nonstatutory Option or Stock Appreciation Right may be transferred by the recipient to a family member; provided, however, that any such transfer is without payment of any consideration whatsoever and that no transfer of a Nonstatutory Option or Stock Appreciation Right shall be valid unless first approved by the Committee, acting in its sole discretion.

Effect of Significant Corporate Event. In the

event of any change in the outstanding shares of Common Stock through merger, consolidation, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other distribution with respect to such shares of Common Stock, an appropriate and proportionate adjustment will be made in (i) the maximum numbers and kinds of shares subject to the Plan, (ii) the numbers and kinds of shares or other securities subject to the then outstanding awards, (iii) the exercise price for each share or other unit of any other securities subject to then outstanding Stock Options or Stock Appreciation Rights (without change in the aggregate purchase or hurdle price as to which Stock Options or Stock Appreciation Rights remain exercisable), and (iv) the repurchase price of each share of Restricted Stock then subject to a risk of forfeiture in the form of a Company repurchase right. In the event of an acquisition (a) any then outstanding Stock Options or Stock Appreciation Rights shall accelerate 50% if not assumed by the acquiring entity or replaced by comparable options to purchase shares of the capital stock of the successor or acquiring entity or parent thereof, and to the extent not so assumed or replaced shall then terminate to the extent not exercised and (b) any then Restricted Stock shall accelerate 50% if the Company's rights to reacquire such shares of Restricted Stock on occurrence of the applicable risk of forfeiture with respect to those shares are not assigned to the acquiring entity. Upon dissolution or liquidation of the Company, other than as part of an acquisition or similar transaction, each outstanding Stock Option or Stock Appreciation Right shall terminate, but the participant shall have the right, immediately prior to the dissolution or liquidation, to exercise the Stock Option or Stock Appreciation Right to the extent exercisable on the date of dissolution or liquidation.

Amendments to the Plan. The Board of Directors may amend or modify the Plan at any time subject to the rights of holders of outstanding awards on the date of amendment or modification, except where stockholder approval is required under the Plan.

Summary of Tax Consequences. The following is a brief and general discussion of the federal income tax rules applicable to awards granted under the Plan.

For purposes of this summary, we assumed that no award will be considered "deferred compensation" as that term is defined for purposes of the federal tax rules governing nonqualified deferred compensation

arrangements, Section 409A of the Code, or, if any award were considered to any extent to constitute deferred compensation, its terms would comply with the requirements at that legislation (in general, by limiting any flexibility in the time of payment). For example, the award of a nonstatutory option with an exercise price which is less than the market value of the stock covered by the option would constitute deferred compensation. If an award includes deferred compensation, and its terms do not comply with the requirements of the legislation, then any deferred compensation component of the award will be taxable when it is earned and vested (even if not then payable) and

the recipient will be subject to a 20% additional tax.

Nonstatutory Stock Options. There are no Federal income tax consequences to the Company or the participants upon grant of Nonstatutory Stock Options. Upon the exercise of such an Option, (i) the participant will recognize ordinary income in an amount equal to the amount by which the fair market value of the Common Stock acquired upon the exercise of such Option exceeds the exercise price, if any, and (ii) the Company will receive a corresponding deduction. A sale of Common Stock so acquired will give rise to a capital gain or loss equal to the difference between the fair market value of the Common Stock on the exercise and sale dates.

Incentive Stock Options. Except as noted at the end of this paragraph, there are no Federal income tax consequences to the Company or the participant upon grant or exercise of an Incentive Stock Option. If the participant holds shares of Common Stock purchased pursuant to the exercise of an Incentive Stock Option for at least two years after the date the Option was granted and at least one year after the exercise of the Option, the subsequent sale of Common Stock will give rise to a long-term capital gain or loss to the participant and no deduction will be available to the Company. If the participant sells the shares of Common Stock within two years after the date an Incentive Stock Option is granted or within one year after the exercise of an Option, the participant will recognize ordinary income in an amount equal to the difference between the fair market value at the exercise date and the Option exercise price, and the Company will be entitled to an equivalent deduction, and any additional gain or loss will be a capital gain or loss. Some participants may have to pay alternative minimum tax in connection with exercise of an Incentive Stock Option.

Restricted Stock. A participant will generally recognize ordinary income on receipt of an award of Restricted Stock when his or her rights in that award become substantially vested, in an amount equal to the amount by which the then fair market value of the Common Stock acquired exceeds the price he or she has paid for it, if any. Recipients of Restricted Stock may, however, within 30 days of receiving an award of Restricted Stock, choose to have any applicable risk of forfeiture disregarded for tax purposes by making an "83(b) election." If the participant makes an 83(b) election, he or she will have to report compensation income equal to the difference between the value of the shares and the price paid for the shares, if any, at the time of the transfer of the Restricted Stock.

Stock Appreciation Rights. A participant will generally recognize ordinary income on receipt of cash or other property pursuant to an award of Stock Appreciation Rights.

Stock Grants. A participant will generally recognize ordinary income on receipt of a Stock Grant equal to the value of the Common Stock subject to such Stock Grant.

Although the foregoing summarizes the essential features of the Plan, it is qualified in its entirety by reference to the full text of the Plan as approved.

The benefits or amounts received by or allocated to each of (i) the officers listed in the Summary Compensation Table, (ii) each of the nominees for election as a director, (iii) all directors of the Company who are not executive officers of the Company as a group, (iv) all present executive officers of the Company as a group, and (v) all employees of the Company, including all other current officers, as a group are not determinable.

UNLESS OTHERWISE INDICATED THEREON, THE ACCOMPANYING PROXY WILL BE VOTED FOR APPROVAL OF THE 2005 EQUITY INCENTIVE PLAN. YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE 2005 EQUITY INCENTIVE PLAN.

Proposal 2 will be approved upon the affirmative vote of a majority of shares present in person or represented by proxy at the Meeting and entitled to vote on such proposal.

PROPOSAL 3

APPROVAL OF AMENDMENT OF RESTRICTED STOCK PLAN TO INCREASE THE NUMBER OF SHARES ISSUABLE UNDER THE RESTRICTED STOCK PLAN TO 400,000 SHARES

On January 21, 2005, the Board adopted, subject to stockholder approval, an amendment to increase the number of shares of Common Stock available for issuance under the Company's 2001 Restricted Stock Plan (the "Restricted Stock Plan") from 200,000 to 400,000. The material features of the Restricted Stock Plan are outlined below.

Purpose. The purpose of the Restricted Stock Plan is to advance the interests of the Company and its stockholders by strengthening the ability of the Company to attract, retain and motivate key employees, directors, consultants and advisors of the Company by providing them with an opportunity to purchase shares of Common Stock and thus participate in the ownership of the Company, including the opportunity to share in any appreciation in the value of such shares of Common Stock.

Eligibility. Restricted stock awards may be granted under the Restricted Stock Plan to employees, directors, consultants and/or advisors of the Company, as determined by, and in the discretion of, the Compensation Committee.

Administration. The Restricted Stock Plan is administered by the Compensation Committee, which has and may exercise such powers and authority of the Board as may be necessary or appropriate for it to carry out its functions as described in the Restricted Stock Plan. The Compensation Committee is empowered to determine the persons to whom, and the time or times at which, restricted stock awards may be granted and the number of shares of Common Stock subject to each Restricted Stock Award. The Compensation Committee also has the authority to interpret the Restricted Stock Plan, to determine the terms and provisions of restricted stock awards agreements and to make all other determinations necessary or advisable for administration of the Restricted Stock Plan.

Shares of Common Stock Subject to the Restricted Stock Plan. Previously, the aggregate number of shares of Common Stock that could be granted or sold pursuant to restricted stock awards under the Restricted Stock Plan was 200,000 shares (subject to adjustment for, among other things, stock dividends, stock splits and other distributions, in accordance with the Restricted Stock Plan). If Proposal 3 is approved by the stockholders of the Company as set forth in this Proxy Statement, the aggregate number of shares of Common Stock that may be granted or sold pursuant to restricted stock awards under the Restricted Stock Plan will be 400,000 shares (subject to adjustment).

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Terms and Conditions of Restricted Stock Awards. The Compensation Committee has the discretion to determine and designate those persons who are to receive restricted stock awards, and the number of shares of Common Stock covered by each restricted stock award. Each restricted stock award is evidenced by a written agreement or instrument and may include any other terms and conditions consistent with the Restricted Stock Plan, as the Compensation Committee determines. All shares of Common Stock subject to restricted stock awards may be issued or transferred by the Company for such consideration (which may consist wholly of services) as the Compensation Committee may determine. Such shares may not be sold, transferred or otherwise disposed of except to the Company, until certain conditions contained in the Restricted Stock Plan relating to forfeiture or repurchase have been met or are removed, unless the Compensation Committee determines otherwise. Restricted Stock Awards are subject to forfeiture or repurchase at their initial purchase price until such time or times, and/or upon the achievement of such predetermined performance objectives, as are determined by the Compensation Committee. In the event a holder of a restricted stock award ceases to be an employee, director, consultant and/or advisor, as applicable, of the Company, all shares of Common Stock under the restricted stock award that remain subject to restrictions at the time his or her employment, directorship, consulting and/or advising relationship terminates must be returned to or repurchased by the Company at their initial price, unless the Compensation Committee determines otherwise.

UNLESS OTHERWISE INDICATED THEREON, THE ACCOMPANYING PROXY WILL BE VOTED FOR APPROVAL OF THE AMENDMENT OF THE RESTRICTED STOCK PLAN. YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT OF THE RESTRICTED STOCK PLAN.

Proposal 3 will be approved upon the affirmative vote of a majority of shares present in person or represented by proxy at the Meeting and entitled to vote on such proposal.

PROPOSAL 4

RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board has appointed, subject to ratification by Company stockholders at the Meeting, the accounting firm of Grant Thornton LLP as our principal independent public accountants for the fiscal year ending December 31, 2005. Grant Thornton LLP has

served in this capacity since December 1998.

Representatives of Grant Thornton LLP expected to be present at the Meeting and will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Audit Fees

The aggregate fees billed for professional services rendered by Grant Thornton LLP for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2004 and 2003 and the reviews of the financial statements included in the Company's reports on Form 10-Q for such fiscal years totaled \$72,000 and \$39,000, respectively.

All Other Fees

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The aggregate fees billed for all other services rendered by Grant Thornton LLP for the fiscal years ended December 31, 2004 and 2003 totaled \$54,000 and \$18,000, respectively. Such services consisted of reviewing Form S-3 and attending the annual meeting of stockholders and Audit Committee meetings.

Auditor Independence

The Audit and Finance Committee considered and determined that the provision of services covered under "All Other Fees" is compatible with maintaining Grant Thornton LLP's independence in determining whether to appoint Grant Thornton LLP as the Company's independent auditors.

Policy on Audit and Finance Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Accountants

The Audit and Finance Committee pre-approves all audit and non-audit services provided by the independent accountants prior to the engagement of the independent accountants with respect to such services. The Chairman of the Audit and Finance Committee has been delegated the authority by the Audit and Finance Committee to pre-approve the engagement of the independent accountants when the entire committee is unable to do so. The Chairman must report all such pre-approvals to the entire Audit and Finance Committee at the next committee meeting. The Audit and Finance Committee approved 100% of the services listed under the preceding captions "Audit-Related Fees," "Tax Fees" and "All Other Fees."

UNLESS OTHERWISE INDICATED THEREON, THE ACCOMPANYING PROXY WILL BE VOTED FOR THE RATIFICATION OF GRANT THORNTON LLP. YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS PRINCIPAL INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005.

Proposal 4 will be approved upon the affirmative vote of a majority of shares present in person or represented by proxy at the Meeting and entitled to vote on such proposal.

OTHER MATTERS

As of the date of this Proxy Statement, the Board has no knowledge of any matters to be presented for consideration at the Meeting other than those referred to above. If (i) any matters not within the knowledge of the Board as of the date of this Proxy Statement should properly come before the Meeting; (ii) a person not named herein is nominated at the meeting for election as a Director because a nominee named herein is unable to serve or for good cause will not serve; (iii) any proposals properly omitted from this Proxy Statement and the form of proxy, subject to applicable laws and our Certificate of Incorporation and Bylaws, should come before the Meeting; or (iv) any matters should arise incident to the conduct of the Meeting, then the proxies will be voted by the persons named in the enclosed form of proxy, or their substitutes acting thereunder, in accordance with the recommendations of the Board, or, if no such recommendations are made, in accordance with their best judgment.

STOCKHOLDER PROPOSALS FOR 2006 ANNUAL MEETING

The 2006 annual meeting of stockholders is expected to be held on or about May 11, 2006. The Board will make provisions for the presentation of proposals submitted by eligible stockholders who have complied with the relevant rules and regulations of the SEC. We must receive such proposals no later than December 13, 2005 to be considered for inclusion in the Company's proxy statement and form of proxy relating to that meeting. It is anticipated that the 2006 annual meeting of stockholders will be held on or about May 11, 2006.

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FORM 10-K

Our Annual Report on Form 10-K for the 2004 fiscal year is available without charge to each stockholder, upon written request to the Company, c/o Investor Relations, at our principal executive offices at 2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207 and is also available on our website at <http://www.accesspharma.com>.

EACH STOCKHOLDER IS URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE PROVIDED FOR THAT PURPOSE AND ADDRESSED TO ACCESS PHARMACEUTICALS, INC. c/o AMERICAN STOCK TRANSFER & TRUST CO., 40 WALL STREET, 46TH FLOOR, NEW YORK, NEW YORK 10005, A PROMPT RESPONSE IS HELPFUL AND YOUR COOPERATION WILL BE APPRECIATED.

By Order of the Board of Directors,

/s/ Kerry P. Gray

Kerry P. Gray
President and CEO

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ACCESS PHARMACEUTICALS, INC.
2600 Stemmons Freeway, Suite 176, Dallas, Texas 75207

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder, having received the

Notice of Annual Meeting of Stockholders and Proxy Statement dated April 13, 2005, and revoking any proxy heretofore given, hereby appoints each of J. Michael Flinn, Herbert H. McDade, Jr. and Kerry P. Gray, or any of them, Proxies of the undersigned with full power of substitution, to cumulate votes and to vote all shares of Common Stock of Access Pharmaceuticals, Inc. which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held Thursday, May 12, 2005 at 10:00 a.m., local time, at the New York Athletic Club, 180 Central Park South, New York, New York 10019, (212) 247-5100, or any adjournment thereof.

This Proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this Proxy will be voted FOR each Director nominee listed in Proposal 1 and FOR Proposals 2, 3 and 4.

In their discretion, the named Proxies are authorized to vote on any other matters which may properly come before the Meeting or any adjournment thereof as set forth in the Proxy Statement.

(continued and to be signed on the reverse side)

The Board of Directors Recommends a vote "For" the election of Directors and "For" Proposals 2, 3 and 4.

Please sign, date and return this Proxy promptly in the enclosed envelope. Please mark your vote in blue or black ink as shown here. /x/

1. Election of Directors:

FOR ALL NOMINEES Nominees: ___ Max Link, PhD Class 1 - 3 Year Term
___ John J. Meakem, Jr. Class 1 - 3 Year Term

WITHHOLD AUTHORITY FOR ALL NOMINEES

FOR ALL EXCEPT
(see instructions below)

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: [X]

2. Proposal to establish the Access Pharmaceuticals, Inc. 2005 Equity Incentive Plan, pursuant to which an aggregate of 700,000 shares of our Common Stock will issuable pursuant to the terms of such plan. For Against Abstain
[] [] []

3. Proposal to amend our Restricted Stock Plan to increase the total number of shares of our common stock authorized for issuance under that plan to 400,000 shares. For Against Abstain
[] [] []

4. Proposal to ratify the appointment of Grant Thornton LLP as our independent accountants for the fiscal year ending December 31, 2005. For Against Abstain
[] [] []

PLEASE MARK, SIGN AND DATE BELOW AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.

Proxies will also be accepted by transmission of a telegram, cablegram or telecopy provided that such

telegram, cablegram or telecopy contains sufficient information from which it can be determined that the transmission was authorized by the stockholder delivering such Proxy. Telegrams or cablegrams may be addressed to American Stock Transfer & Trust Co. at the address appearing on the attached envelope or via telecopy at (718) 234-2287.

Shares Held: _____

THIS PROXY IS SOLICITED ON BEHALF OF ACCESS PHARMACEUTICALS, INC.'S BOARD OF DIRECTORS AND MAY BE REVOKED BY THE STOCKHOLDER PRIOR TO BEING VOTED AT THE 2005 ANNUAL MEETING OF STOCKHOLDERS.

Signature _____
Date _____

Signature if held jointly _____
Date _____

NOTE: Please sign exactly as name or names appear on this Proxy. When shares are held jointly each holder should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Exhibit A

ACCESS PHARMACEUTICALS, INC.
2005 EQUITY INCENTIVE PLAN

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ACCESS PHARMACEUTICALS, INC.
2005 Equity Incentive Plan

1. Purpose

This Plan is intended to encourage ownership of Stock by employees, consultants and directors of the Company and its Affiliates and to provide additional incentive for them to promote the success of the Company's business through the grant of Awards of or pertaining to shares of the Company's Stock. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code, but not all Awards are required to be Incentive Options.

2. Definitions

As used in this Plan, the following terms shall have the following meanings:

2.1. Accelerate, Accelerated, and Acceleration, means: (a) when used with respect to an Option or Stock Appreciation Right, that as of the time of reference the Option or Stock Appreciation Right will become exercisable with respect to some or all of the shares of Stock for which it was not then otherwise exercisable by its terms; (b) when used with respect to Restricted Stock or Restricted Stock Units, that the Risk of Forfeiture otherwise applicable to the Stock or Units shall expire with respect to some or all of the shares of Restricted Stock or Units then still otherwise subject to the Risk of Forfeiture; and (c) when used with respect to Performance Units, that the applicable Performance Goals shall be deemed to have been met as to some or all of the Units.

2.2. Acquisition means a merger or consolidation of the Company into another person (i.e., which merger or consolidation the Company does not survive) or the sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions.

2.3. Affiliate means any corporation, partnership,

limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

2.4. Award means any grant or sale pursuant to the Plan of Options, Stock Appreciation Rights, Performance Units, Restricted Stock, Restricted Stock Units, or Stock Grants.

2.5. Award Agreement means an agreement between the Company and the recipient of an Award, setting forth the terms and conditions of the Award.

2.6. Board means the Company's Board of Directors.

2.7. Change of Control means the occurrence of any of the following after the date of the approval of the Plan by the Board:

(a) an Acquisition, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquiror's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company's outstanding securities immediately prior to that transaction, or

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(b) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires, including but not limited to by means of a merger or consolidation, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders that the Board does not recommend such stockholders accept, other than (i) the Company or an Affiliate, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(c) a majority of the Board votes in favor of a decision that a Change in Control has occurred.

2.8. Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

2.9. Committee means the Compensation Committee of the Board, which in general is responsible for the administration of the Plan, as provided in Section 5 of the Plan. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

2.10. Company means ACCESS PHARMACEUTICALS, INC., a corporation organized under the laws of the Delaware.

2.11. Covered Employee means an employee who is a covered employee within the meaning of Section

162(m) of the Code.

2.12. Grant Date means the date as of which an Option is granted, as determined under Section 7.1(a).

2.13. Incentive Option means an Option which by its terms is to be treated as an "incentive stock option" within the meaning of Section 422 of the Code.

2.14. Market Value means the value of a share of Stock on a particular date determined by such methods or procedures as may be established by the Committee. Unless otherwise determined by the Committee, the Market Value of Stock as of any date is the closing price for the Stock as reported on the American Stock Exchange (or on any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the next preceding date for which a closing price was reported. For purposes of Awards effective as of the effective date of the Company's initial public offering, Market Value of Stock shall be the price at which the Company's Stock is offered to the public in its initial public offering.

2.15. Nonstatutory Option means any Option that is not an Incentive Option.

2.16. Option means an option to purchase shares of Stock.

2.17. Optionee means a Participant to whom an Option shall have been granted under the Plan.

2.18. Participant means any holder of an outstanding Award under the Plan.

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2.19. Performance Criteria means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria used to establish Performance Goals are: earnings, sales, cash flow, return on assets or equity, stock price growth, shareholder returns, earnings per share, market share, market capitalization, product sales or milestones, execution of agreements, fundraising or other criteria related to any of the above. The Committee will, but within the time prescribed by Section 162(m) of the Code in the case of Qualified Performance-Based Awards, objectively define the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.20. Performance Goals means, for a Performance Period, the written goals established by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, subsidiary, or an individual.

2.21. Performance Period means the one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of one or more Performance

Goals will be measured for purposes of determining a Participant's right to, and the payment of, a Performance Unit.

2.22. Performance Unit means a right granted to a Participant under Section 7.5, to receive cash, Stock or other Awards, the payment of which is contingent on achieving Performance Goals established by the Committee.

2.23. Plan means this 2005 Equity Incentive Plan of the Company, as amended from time to time, and including any attachments or addenda hereto.

2.24. Qualified Performance-Based Awards means Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

2.25. Restricted Stock means a grant or sale of shares of Stock to a Participant subject to a Risk of Forfeiture.

2.26. Restriction Period means the period of time, established by the Committee in connection with an Award of Restricted Stock, during which the shares of Restricted Stock are subject to a Risk of Forfeiture described in the applicable Award Agreement.

2.27. Risk of Forfeiture means a limitation on the right of the Participant to retain Restricted Stock or Restricted Stock Units, including a right in the Company to reacquire shares of Restricted Stock at less than their then Market Value, arising because of the occurrence or non-occurrence of specified events or conditions.

2.28. Restricted Stock Units means rights to receive shares of Stock at the close of a Restriction Period, subject to a Risk of Forfeiture.

2.29. Stock means common stock, \$0.01 per share, of the Company, and such other securities as may be substituted for Stock pursuant to Section 8.

2.30. Stock Appreciation Right means a right to receive any excess in the Market Value of shares of Stock (except as otherwise provided in Section 7.2(c)) over a specified exercise price.

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2.31. Stock Grant means the grant of shares of Stock not subject to restrictions or other forfeiture conditions.

2.32. Stockholders' Agreement means any agreement by and among the holders of at least a majority of the outstanding voting securities of the Company and setting forth, among other provisions, restrictions upon the transfer of shares of Stock or on the exercise of rights appurtenant thereto (including but not limited to voting rights).

2.33. Ten Percent Owner means a person who owns, or is deemed within the meaning of Section 422(b)(6) of the Code to own, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code). Whether a person is a Ten Percent Owner shall be determined with respect to an Option based on the facts existing immediately prior to the Grant Date

of the Option.

3. Term of the Plan

Unless the Plan shall have been earlier terminated by the Board, Awards may be granted under this Plan at any time in the period commencing on the date of approval of the Plan by the Board and ending immediately prior to the tenth anniversary of the adoption of the Plan by the Board (January 20, 2015). Awards granted pursuant to the Plan within that period shall not expire solely by reason of the termination of the Plan. Awards of Incentive Options granted prior to stockholder approval of the Plan are expressly conditioned upon such approval, but in the event of the failure of the stockholders to approve the Plan shall thereafter and for all purposes be deemed to constitute Nonstatutory Options.

4. Stock Subject to the Plan

At no time shall the number of shares of Stock issued pursuant to or subject to outstanding Awards granted under the Plan (including pursuant to Incentive Options), nor the number of shares of Stock issued pursuant to Incentive Options, exceed 700,000 shares of Stock; subject, however, to the provisions of Section 8 of the Plan. For purposes of applying the foregoing limitation, (a) if any Option or Stock Appreciation Right expires, terminates, or is cancelled for any reason without having been exercised in full, or if any other Award is forfeited by the recipient, the shares not purchased by the Optionee or which are forfeited by the recipient shall again be available for Awards to be granted under the Plan and (b) if any Option is exercised by delivering previously owned shares in payment of the exercise price therefor, only the net number of shares, that is, the number of shares issued minus the number received by the Company in payment of the exercise price, shall be considered to have been issued pursuant to an Award granted under the Plan. In addition, settlement of any Award shall not count against the foregoing limitations except to the extent settled in the form of Stock. Shares of Stock issued pursuant to the Plan may be either authorized but unissued shares or shares held by the Company in its treasury.

5. Administration

The Plan shall be administered by the Committee; provided, however, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of the Plan pertaining to the Committee's exercise of its authorities hereunder; and provided further, however, that the Committee may delegate to an executive officer or officers the authority to grant Awards hereunder to employees who are not officers, and to consultants, in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make or to select the manner of making all determinations with

director to receive the Award and the form of Award. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, consultants, and directors, their present and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Award Agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations made in good faith on matters referred to in the Plan shall be final, binding and conclusive on all persons having or claiming any interest under the Plan or an Award made pursuant hereto.

6. Authorization of Grants

6.1. Eligibility. The Committee may grant from time to time and at any time prior to the termination of the Plan one or more Awards, either alone or in combination with any other Awards, to any employee of or consultant to one or more of the Company and its Affiliates or to non-employee member of the Board or of any board of directors (or similar governing authority) of any Affiliate. However, only employees of the Company, and of any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code, shall be eligible for the grant of an Incentive Option. Further, in no event shall the number of shares of Stock covered by Options or other Awards granted to any one person in any one calendar year exceed 75% of the aggregate number of shares of Stock subject to the Plan.

6.2. General Terms of Awards. Each grant of an Award shall be subject to all applicable terms and conditions of the Plan (including but not limited to any specific terms and conditions applicable to that type of Award set out in the following Section), and such other terms and conditions, not inconsistent with the terms of the Plan, as the Committee may prescribe. No prospective Participant shall have any rights with respect to an Award, unless and until such Participant has executed an agreement evidencing the Award, delivered a fully executed copy thereof to the Company, and otherwise complied with the applicable terms and conditions of such Award.

6.3. Effect of Termination of Employment, Etc. Unless the Committee shall provide otherwise with respect to any Award, if the Participant's employment or other association with the Company and its Affiliates ends for any reason, including because of the Participant's employer ceasing to be an Affiliate, (a) any outstanding Option or SAR of the Participant shall cease to be exercisable in any respect not later than 90 days following that event and, for the period it remains exercisable following that event, shall be exercisable only to the extent exercisable at the date of that event, and (b) any other outstanding Award of the Participant shall be forfeited or otherwise subject to return to or repurchase by the Company on the terms specified in the applicable Award Agreement. Military or sick

leave or other bona fide leave shall not be deemed a termination of employment or other association, provided that it does not exceed the longer of ninety (90) days or the period during which the absent Participant's reemployment rights, if any, are guaranteed by statute or by contract.

6.4. Non-Transferability of Awards. Except as otherwise provided in this Section 6.4, Awards shall not be transferable, and no Award or interest therein may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All of a Participant's rights in any Award may be exercised during the life of the Participant only by the Participant or the Participant's legal representative. However, the Committee may, at or after the grant of an Award of a Nonstatutory Option, or shares of Restricted Stock, provide that such Award may be transferred by the recipient to a family member; provided, however, that any such transfer is without payment of any

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consideration whatsoever and that no transfer shall be valid unless first approved by the Committee, acting in its sole discretion. For this purpose, "family member" means any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which the foregoing persons have more than fifty (50) percent of the beneficial interests, a foundation in which the foregoing persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty (50) percent of the voting interests.

7. Specific Terms of Awards

7.1. Options.

(a) Date of Grant. The granting of an Option shall take place at the time specified in the Award Agreement. Only if expressly so provided in the applicable Award Agreement shall the Grant Date be the date on which the Award Agreement shall have been duly executed and delivered by the Company and the Optionee.

(b) Exercise Price. The price at which shares of Stock may be acquired under each Incentive Option shall be not less than 100% of the Market Value of Stock on the Grant Date, or not less than 110% of the Market Value of Stock on the Grant Date if the Optionee is a Ten Percent Owner. The price at which shares may be acquired under each Nonstatutory Option shall not be so limited solely by reason of this Section.

(c) Option Period. No Incentive Option may be exercised on or after the tenth anniversary of the Grant Date, or on or after the fifth anniversary of the Grant Date if the Optionee is a Ten Percent Owner. The Option period under each Nonstatutory Option shall not be so limited solely by reason of this Section.

(d) Exercisability. An Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. In the case of an Option not otherwise immediately exercisable in full, the Committee may Accelerate such Option in whole or in part at any time; provided, however, that in the case of an Incentive Option, any such Acceleration of the Option would not cause the Option to fail to comply with the provisions of Section 422 of the Code or the Optionee consents to the Acceleration.

(e) Method of Exercise. An Option may be exercised by the Optionee giving written notice, in the manner provided in Section 16, specifying the number of shares with respect to which the Option is then being exercised. The notice shall be accompanied by payment in the form of cash or check payable to the order of the Company in an amount equal to the exercise price of the shares to be purchased or, subject in each instance to the Committee's approval, acting in its sole discretion, and to such conditions, if any, as the Committee may deem necessary to avoid adverse accounting effects to the Company, by delivery to the Company of

(i) shares of Stock having a Market Value equal to the exercise price of the shares to be purchased, or

(ii) unless prohibited by applicable law, the Optionee's executed promissory note in the principal amount equal to the exercise price of the shares to be purchased and otherwise in such form as the Committee shall have approved.

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If the Stock is traded on an established market, payment of any exercise price may also be made through 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). Receipt by the Company of such notice and payment in any authorized or combination of authorized means shall constitute the exercise of the Option. Within thirty (30) days thereafter but subject to the remaining provisions of the Plan, the Company shall deliver or cause to be delivered to the Optionee or his agent a certificate or certificates for the number of shares then being purchased. Such shares shall be fully paid and nonassessable.

(f) Limit on Incentive Option Characterization. An Incentive Option shall be considered to be an Incentive Option only to the extent that the number of shares of Stock for which the Option first becomes exercisable in a calendar year do not have an aggregate Market Value (as of the date of the grant of the Option) in excess of the "current limit". The current limit for any Optionee for any calendar year shall be \$100,000 minus the aggregate Market Value at the date of grant of the number of shares of Stock available for purchase for the first time in the same year under each other Incentive Option previously granted to the Optionee under the Plan, and under each other incentive stock option previously granted to the Optionee under any other incentive stock option plan of the Company and its Affiliates, after December 31, 1986. Any shares of Stock which would cause the foregoing limit to be violated shall be deemed to have been granted under a separate Nonstatutory Option, otherwise identical

in its terms to those of the Incentive Option.

(g) Notification of Disposition. Each person exercising any Incentive Option granted under the Plan shall be deemed to have covenanted with the Company to report to the Company any disposition of such shares prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code and, if and to the extent that the realization of income in such a disposition imposes upon the Company federal, state, local or other withholding tax requirements, or any such withholding is required to secure for the Company an otherwise available tax deduction, to remit to the Company an amount in cash sufficient to satisfy those requirements.

7.2. Stock Appreciation Rights.

(a) Tandem or Stand-Alone. Stock Appreciation Rights may be granted in tandem with an Option (at or, in the case of a Nonstatutory Option, after, the award of the Option), or alone and unrelated to an Option. Stock Appreciation Rights in tandem with an Option shall terminate to the extent that the related Option is exercised, and the related Option shall terminate to the extent that the tandem Stock Appreciation Rights are exercised.

(b) Exercise Price. Stock Appreciation Rights shall have an exercise price of not less than fifty percent (50%) of the Market Value of the Stock on the date of award, or in the case of Stock Appreciation Rights in tandem with Options, the exercise price of the related Option.

(c) Other Terms. Except as the Committee may deem inappropriate or inapplicable in the circumstances, Stock Appreciation Rights shall be subject to terms and conditions substantially similar to those applicable to a Nonstatutory Option. In addition, an SAR related to an Option which can only be exercised during limited periods following a Change in Control may entitle the Participant to receive an amount based upon the highest price paid or offered for Stock in any transaction relating to the Change in Control or paid during the thirty (30) day period immediately preceding the occurrence of the change in control in any transaction reported in the stock market in which the Stock is normally traded.

7.3. Restricted Stock.

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(a) Purchase Price. Shares of Restricted Stock shall be issued under the Plan for such consideration, in cash, other property or services, or any combination thereof, as is determined by the Committee.

(b) Issuance of Certificates. Each Participant receiving a Restricted Stock Award, subject to subsection (c) below, shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and, if applicable, shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award substantially in the following form:

The transferability of this certificate and the shares represented by this certificate are subject

to the terms and conditions of Access Pharmaceuticals, Inc. 2005 Equity Incentive Plan and an Award Agreement entered into by the registered owner and Access Pharmaceuticals, Inc.. Copies of such Plan and Agreement are on file in the offices of Access Pharmaceuticals, Inc.

(c) Escrow of Shares. The Committee may require that the stock certificates evidencing shares of Restricted Stock be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Participant deliver a stock power, endorsed in blank, relating to the Stock covered by such Award.

(d) Restrictions and Restriction Period. During the Restriction Period applicable to shares of Restricted Stock, such shares shall be subject to limitations on transferability and a Risk of Forfeiture arising on the basis of such conditions related to the performance of services, Company or Affiliate performance or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(e) Rights Pending Lapse of Risk of Forfeiture or Forfeiture of Award. Except as otherwise provided in the Plan or the applicable Award Agreement, at all times prior to lapse of any Risk of Forfeiture applicable to, or forfeiture of, an Award of Restricted Stock, the Participant shall have all of the rights of a stockholder of the Company, including the right to vote, and the right to receive any dividends with respect to, the shares of Restricted Stock. The Committee, as determined at the time of Award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested in additional Restricted Stock to the extent shares are available under Section 4.

(f) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant promptly if not theretofore so delivered.

7.4. Restricted Stock Units.

(a) Character. Each Restricted Stock Unit shall entitle the recipient to a share of Stock at a close of such Restriction Period as the Committee may establish and subject to a Risk of Forfeiture arising on the basis of such conditions relating to the performance of services, Company or Affiliate performance or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(b) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made in a single lump sum following the close of the applicable Restriction Period. At the discretion of the Committee, Participants may be entitled to receive payments equivalent to any dividends declared with

respect to Stock referenced in grants of Restricted Stock Units but only following the close of the applicable Restriction Period and then only if the underlying Stock shall have been earned. Unless the Committee shall provide otherwise, any such dividend equivalents shall be paid, if at all, without interest or other earnings.

7.5. Performance Units.

(a) Character. Each Performance Unit shall entitle the recipient to the value of a specified number of shares of Stock, over the initial value for such number of shares, if any, established by the Committee at the time of grant, at the close of a specified Performance Period to the extent specified Performance Goals shall have been achieved.

(b) Earning of Performance Units. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met within the applicable Performance Period, will determine the number and value of Performance Units that will be paid out to the Participant. After the applicable Performance Period has ended, the holder of Performance Units shall be entitled to receive payout on the number and value of Performance Units earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Goals have been achieved.

(c) Form and Timing of Payment. Payment of earned Performance Units shall be made in a single lump sum following the close of the applicable Performance Period. At the discretion of the Committee, Participants may be entitled to receive any dividends declared with respect to Stock which have been earned in connection with grants of Performance Units which have been earned, but not yet distributed to Participants. The Committee may permit or, if it so provides at grant require, a Participant to defer such Participant's receipt of the payment of cash or the delivery of Stock that would otherwise be due to such Participant by virtue of the satisfaction of any requirements or goals with respect to Performance Units. If any such deferral election is required or permitted, the Committee shall establish rules and procedures for such payment deferrals.

7.6. Stock Grants. Stock Grants shall be awarded solely in recognition of significant contributions to the success of the Company or its Affiliates, in lieu of compensation otherwise already due and in such other limited circumstances as the Committee deems appropriate. Stock Grants shall be made without forfeiture conditions of any kind.

7.7. Qualified Performance-Based Awards.

(a) Purpose. The purpose of this Section 7.7 is to provide the Committee the ability to qualify Awards as "performance-based compensation" under Section 162(m) of the Code. If the Committee, in its discretion, decides to grant an Award as a Qualified Performance-Based Award, the provisions of this Section 7.7 will control over any contrary provision contained in the Plan. In the course of granting any Award, the Committee may specifically designate

the Award as intended to qualify as a Qualified Performance-Based Award. However, no Award shall be considered to have failed to qualify as a Qualified Performance-Based Award solely because the Award is not expressly designated as a Qualified Performance-Based Award, if the Award otherwise satisfies the provisions of this Section 7.7 and the requirements of Section 162(m) of the Code and the regulations thereunder applicable to "performance-based compensation."

(b) Authority. All grants of Awards intended to qualify as Qualified Performance-Based Awards and determination of terms applicable thereto shall be made by the Committee or, if not all of the members thereof qualify as "outside directors" within the meaning of applicable IRS regulations under Section 162 of the Code, a subcommittee of the Committee consisting of such of the members of the

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Committee as do so qualify. Any action by such a subcommittee shall be considered the action of the Committee for purposes of the Plan.

(b) Applicability. This Section 7.7 will apply only to those Covered Employees, or to those persons who the Committee determines are reasonably likely to become Covered Employees in the period covered by an Award, selected by the Committee to receive Qualified Performance-Based Awards. The Committee may, in its discretion, grant Awards to Covered Employees that do not satisfy the requirements of this Section 7.7.

(c) Discretion of Committee with Respect to Qualified Performance-Based Awards. Options may be granted as Qualified Performance-Based Awards in accordance with Section 7.1, except that the exercise price of any Option intended to qualify as a Qualified Performance-Based Award shall in no event be less than the Market Value of the Stock on the date of grant. With regard to other Awards intended to qualify as Qualified Performance-Based Awards, such as Restricted Stock, Restricted Stock Units, or Performance Units, the Committee will have full discretion to select the length of any applicable Restriction Period or Performance Period, the kind and/or level of the applicable Performance Goal, and whether the Performance Goal is to apply to the Company, a Subsidiary or any division or business unit or to the individual. Any Performance Goal or Goals applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than ninety (90) days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for "performance-based compensation" under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established.

(d) Payment of Qualified Performance-Based Awards. A Participant will be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals period are achieved within the applicable Performance Period, as determined by the Committee.

In determining the actual size of an individual Qualified Performance-Based Award, the Committee may reduce or eliminate the amount of the Qualified Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

(e) Maximum Award Payable. The maximum Qualified Performance-Based Award payment to any one Participant under the Plan for a Performance Period is the number of shares of Stock set forth in Section 4 above, or if the Qualified Performance-Based Award is paid in cash, that number of shares multiplied by the Market Value of the Stock as of the date the Qualified Performance-Based Award is granted.

(f) Limitation on Adjustments for Certain Events. No adjustment of any Qualified Performance-Based Award pursuant to Section 8 shall be made except on such basis, if any, as will not cause such Award to provide other than "performance-based compensation" within the meaning of Section 162(m) of the Code.

7.8. Awards to Participants Outside the United States. The Committee may modify the terms of any Award under the Plan granted to a Participant who is, at the time of grant or during the term of the Award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that the Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. The

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Committee may establish supplements to, or amendments, restatements, or alternative versions of the Plan for the purpose of granting and administering any such modified Award. No such modification, supplement, amendment, restatement or alternative version may increase the share limit of Section 4.

8. Adjustment Provisions

8.1. Adjustment for Corporate Actions. All of the share numbers set forth in the Plan reflect the capital structure of the Company as of January 21, 2005. Subject to Section 8.2, if subsequent to that date the outstanding shares of Stock (or any other securities covered by the Plan by reason of the prior application of this Section) are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to shares of Stock, through merger, consolidation, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar distribution with respect to such shares of Stock, an appropriate and proportionate adjustment will be made in (i) the maximum numbers and kinds of shares provided in Section 4, (ii) the

numbers and kinds of shares or other securities subject to the then outstanding Awards, (iii) the exercise price for each share or other unit of any other securities subject to then outstanding Options and Stock Appreciation Rights (without change in the aggregate purchase price as to which such Options or Rights remain exercisable), and (iv) the repurchase price of each share of Restricted Stock then subject to a Risk of Forfeiture in the form of a Company repurchase right.

8.2. Treatment in Certain Acquisitions. Subject to any provisions of then outstanding Awards granting greater rights to the holders thereof, in the event of an Acquisition in which outstanding Awards are not Accelerated in full pursuant to Section 9, any then outstanding Awards shall nevertheless Accelerate to the extent not assumed or replaced by comparable Awards referencing shares of the capital stock of the successor or acquiring entity or parent thereof, and thereafter (or after a reasonable period following the Acquisition, as determined by the Committee) terminate. As to any one or more outstanding Awards which are not otherwise Accelerated in full by reason of such Acquisition, the Committee may also, either in advance of an Acquisition or at the time thereof and upon such terms as it may deem appropriate, provide for the Acceleration of such outstanding Awards in the event that the employment of the Participants should subsequently terminate following the Acquisition. Each outstanding Award that is assumed in connection with an Acquisition, or is otherwise to continue in effect subsequent to the Acquisition, will be appropriately adjusted, immediately after the Acquisition, as to the number and class of securities and other relevant terms in accordance with Section 8.1.

8.3. Dissolution or Liquidation. Upon dissolution or liquidation of the Company, other than as part of an Acquisition or similar transaction, each outstanding Option and SAR shall terminate, but the Optionee or SAR holder shall have the right, immediately prior to the dissolution or liquidation, to exercise the Option or SAR to the extent exercisable on the date of dissolution or liquidation.

8.4. Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. In the event of any corporate action not specifically covered by the preceding Sections, including but not limited to an extraordinary cash distribution on Stock, a corporate separation or other reorganization or liquidation, the Committee may make such adjustment of outstanding Awards and their terms, if any, as it, in its sole discretion, may deem equitable and appropriate in the circumstances. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in this Section) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

8.5. Related Matters. Any adjustment in Awards made pursuant to this Section 8 shall be determined and made, if at all, by the Committee and shall include any correlative modification of terms, including of Option exercise prices, rates of vesting or exercisability, Risks of Forfeiture, applicable repurchase prices for Restricted Stock, and Performance Goals and other financial objectives which the Committee may deem necessary or appropriate so as to ensure the rights of the Participants in their respective Awards are not substantially diminished nor enlarged as a result of the adjustment and corporate action other than as expressly contemplated in this Section 8. No fraction of a share shall be purchasable or deliverable upon exercise, but in the event any adjustment hereunder of the number of shares covered by an Award shall cause such number to include a fraction of a share, such number of shares shall be adjusted to the nearest smaller whole number of shares. No adjustment of an Option exercise price per share pursuant to this Section 8 shall result in an exercise price which is less than the par value of the Stock.

9. Change of Control

Except as otherwise provided below, upon the occurrence of a Change in Control:

(a) any and all Options and Stock Appreciation Rights not already exercisable in full shall Accelerate with respect to 50% of the shares for which such Options or Stock Appreciation Rights are not then exercisable;

(b) any Risk of Forfeiture applicable to Restricted Stock and Restricted Stock Units which is not based on achievement of Performance Goals shall lapse with respect to 50% of the Restricted Stock and Restricted Stock Units still subject to such Risk of Forfeiture immediately prior to the Change of Control; and

(c) All outstanding Awards of Restricted Stock and Restricted Stock Units conditioned on the achievement of Performance Goals and the target payout opportunities attainable under outstanding Performance Units shall be deemed to have been satisfied as of the effective date of the Change in Control as to a pro rata number of shares based on the assumed achievement of all relevant Performance Goals and the length of time within the Performance Period which has elapsed prior to the Change in Control. All such Awards of Performance Units and Restricted Stock Units shall be paid to the extent earned to Participants in accordance with their terms within thirty (30) days following the effective date of the Change in Control.

None of the foregoing shall apply, however, (i) in the case of an Qualified Performance-Based Award specifically designated as such by the Committee at the time of grant (except to the extent allowed by Section 162(m) of the Code), (ii) in the case of any Award pursuant to an Award Agreement requiring other or additional terms upon a Change in Control (or similar event), or (iii) if specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges.

10. Settlement of Awards

10.1. In General. Options and Restricted Stock shall be settled in accordance with their terms. All other Awards may be settled in cash, Stock, or other Awards, or a combination thereof, as determined by the Committee at or after grant and subject to any contrary Award Agreement. The Committee may not require settlement of any Award in Stock pursuant to the immediately preceding sentence to the extent issuance of such Stock would be prohibited or unreasonably delayed by reason of any other provision of the Plan.

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10.2. Violation of Law. Notwithstanding any other provision of the Plan or the relevant Award Agreement, if, at any time, in the reasonable opinion of the Company, the issuance of shares of Stock covered by an Award may constitute a violation of law, then the Company may delay such issuance and the delivery of a certificate for such shares until (i) approval shall have been obtained from such governmental agencies, other than the Securities and Exchange Commission, as may be required under any applicable law, rule, or regulation and (ii) in the case where such issuance would constitute a violation of a law administered by or a regulation of the Securities and Exchange Commission, one of the following conditions shall have been satisfied:

(a) the shares are at the time of the issue of such shares effectively registered under the Securities Act of 1933; or

(b) the Company shall have determined, on such basis as it deems appropriate (including an opinion of counsel in form and substance satisfactory to the Company) that the sale, transfer, assignment, pledge, encumbrance or other disposition of such shares or such beneficial interest, as the case may be, does not require registration under the Securities Act of 1933, as amended or any applicable State securities laws.

The Company shall make all reasonable efforts to bring about the occurrence of said events.

10.3. Corporate Restrictions on Rights in Stock. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the charter, certificate or articles, and by-laws, of the Company. Whenever Stock is to be issued pursuant to an Award, if the Committee so directs at or after grant, the Company shall be under no obligation to issue such shares until such time, if ever, as the recipient of the Award (and any person who exercises any Option, in whole or in part), shall have become a party to and bound by the Stockholders' Agreement, if any. In the event of any conflict between the provisions of this Plan and the provisions of the Stockholders' Agreement, the provisions of the Stockholders' Agreement shall control except as required to fulfill the intention that this Plan constitute an incentive stock option plan within the meaning of Section 422 of the Code, but insofar as possible the provisions of the Plan and such Agreement shall be construed so as to give full force and effect to all such provisions.

10.4. Investment Representations. The Company shall be under no obligation to issue any shares covered

by any Award unless the shares to be issued pursuant to Awards granted under the Plan have been effectively registered under the Securities Act of 1933, as amended, or the Participant shall have made such written representations to the Company (upon which the Company believes it may reasonably rely) as the Company may deem necessary or appropriate for purposes of confirming that the issuance of such shares will be exempt from the registration requirements of that Act and any applicable state securities laws and otherwise in compliance with all applicable laws, rules and regulations, including but not limited to that the Participant is acquiring the shares for his or her own account for the purpose of investment and not with a view to, or for sale in connection with, the distribution of any such shares.

10.5. Registration. If the Company shall deem it necessary or desirable to register under the Securities Act of 1933, as amended or other applicable statutes any shares of Stock issued or to be issued pursuant to Awards granted under the Plan, or to qualify any such shares of Stock for exemption from the Securities Act of 1933, as amended or other applicable statutes, then the Company shall take such action at its own expense. The Company may require from each recipient of an Award, or each holder of shares of Stock acquired pursuant to the Plan, such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for that purpose and may require reasonable indemnity to the Company and its officers and directors from that holder against all losses, claims, damage and liabilities arising from use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be

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stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In addition, the Company may require of any such person that he or she agree that, without the prior written consent of the Company or the managing underwriter in any public offering of shares of Stock, he or she will not sell, make any short sale of, loan, grant any option for the purchase of, pledge or otherwise encumber, or otherwise dispose of, any shares of Stock during the 180 day period commencing on the effective date of the registration statement relating to the underwritten public offering of securities. Without limiting the generality of the foregoing provisions of this Section 10.5, if in connection with any underwritten public offering of securities of the Company the managing underwriter of such offering requires that the Company's directors and officers enter into a lock-up agreement containing provisions that are more restrictive than the provisions set forth in the preceding sentence, then (a) each holder of shares of Stock acquired pursuant to the Plan (regardless of whether such person has complied or complies with the provisions of clause (b) below) shall be bound by, and shall be deemed to have agreed to, the same lock-up terms as those to which the Company's directors and officers are required to adhere; and (b) at the request of the Company or such managing underwriter, each such person shall execute and

deliver a lock-up agreement in form and substance equivalent to that which is required to be executed by the Company's directors and officers.

10.6. Placement of Legends; Stop Orders; etc. Each share of Stock to be issued pursuant to Awards granted under the Plan may bear a reference to the investment representation made in accordance with Section 10.4 in addition to any other applicable restriction under the Plan, the terms of the Award and if applicable under the Stockholders' Agreement and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to such shares of Stock. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

10.7. Tax Withholding. Whenever shares of Stock are issued or to be issued pursuant to Awards granted under the Plan, the Company shall have the right to require the recipient to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Company an otherwise available tax deduction or otherwise) prior to the delivery of any certificate or certificates for such shares. The obligations of the Company under the Plan shall be conditional on satisfaction of all such withholding obligations and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the recipient of an Award. However, in such cases Participants may elect, subject to the approval of the Committee, acting in its sole discretion, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold shares to satisfy their tax obligations. Participants may only elect to have Shares withheld having a Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee deems appropriate.

11. Reservation of Stock

The Company shall at all times during the term of the Plan and any outstanding Awards granted hereunder reserve or otherwise keep available such number of shares of Stock as will be sufficient to satisfy the requirements of the Plan (if then in effect) and the Awards and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

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12. Limitation of Rights in Stock; No Special Service Rights

A Participant shall not be deemed for any purpose to be a stockholder of the Company with respect to any

of the shares of Stock subject to an Award, unless and until a certificate shall have been issued therefor and delivered to the Participant or his agent. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the Certificate of Incorporation and the By-laws of the Company. Nothing contained in the Plan or in any Award Agreement shall confer upon any recipient of an Award any right with respect to the continuation of his or her employment or other association with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other association with the Company and its Affiliates.

13. Unfunded Status of Plan

The Plan is intended to constitute an "unfunded" plan for incentive compensation, and the Plan is not intended to constitute a plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments with respect to Options, Stock Appreciation Rights and other Awards hereunder, provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

14. Nonexclusivity of the Plan

Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of stock options and restricted stock other than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

15. Termination and Amendment of the Plan

The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable. Unless the Board otherwise expressly provides, no amendment of the Plan shall affect the terms of any Award outstanding on the date of such amendment. In any case, no termination or amendment of the Plan may, without the consent of any recipient of an Award granted hereunder, adversely affect the rights of the recipient under such Award.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, provided that the Award as amended is consistent with the terms of the Plan, but no such amendment shall impair the rights of the recipient of such

Award without his or her consent.

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16. Notices and Other Communications

Any notice, demand, request or other communication hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by first class registered, certified or overnight mail, postage prepaid, or telecopied with a confirmation copy by regular, certified or overnight mail, addressed or telecopied, as the case may be, (i) if to the recipient of an Award, at his or her residence address last filed with the Company and (ii) if to the Company, at its principal place of business, addressed to the attention of its Treasurer, or to such other address or telecopier number, as the case may be, as the addressee may have designated by notice to the addressor. All such notices, requests, demands and other communications shall be deemed to have been received: (i) in the case of personal delivery, on the date of such delivery; (ii) in the case of mailing, when received by the addressee; and (iii) in the case of facsimile transmission, when confirmed by facsimile machine report.

17. Governing Law

The Plan and all Award Agreements and actions taken thereunder shall be governed, interpreted and enforced in accordance with the laws of the Delaware, without regard to the conflict of laws principles thereof.

Exhibit B

ACCESS PHARMACEUTICALS, INC.

2001 Restricted Stock Plan

(AS AMENDED SUBJECT TO STOCKHOLDER APPROVAL AT THE
2005 ANNUAL MEETING OF STOCKHOLDERS)

1. Definitions

As used in this 2001 Access Pharmaceuticals, Inc. Restricted Stock Plan, the following terms shall have the following meanings:

(a) Acquisition means a merger or consolidation of the Company with or into another person or the sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions, unless after such transaction(s) securities possessing more than 50% of the total combined voting power of the survivor's or acquiror's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company immediately prior to that transaction.

(b) Board means the Company's Board of Directors.

(c) Change of Control means any of the following transactions:

(i) any Acquisition, or

(ii) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), other than the Company, directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders, or

(iii) there is a change in the composition of the Board such that individuals who, as of the date hereof, constitute the Company's Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided, that any individual becoming a director of the Company subsequent to the date of the Restricted Stock Award whose election or nomination for election by the Company's stockholders, was approved by at least a majority of the directors of the Company then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act).

(d) Committee means the Compensation Committee of the Board or such other Board committee as may be designated by the Board; provided that the Board may at any time or from time to time determine to assume any or all of the functions of the Committee under the Plan and in such event, references herein to the "Committee" shall mean the Board acting in such

capacity.

(e) Common Stock or Stock means common stock, par value \$0.01 per share, of the Company.

(f) Company means Access Pharmaceuticals, Inc., a Delaware corporation, or any successor corporation.

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(g) Family Member means any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which the foregoing persons have more than fifty (50) percent of the beneficial interests, a foundation in which the foregoing persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty (50) percent of the voting interests.

(h) Participant means any recipient of a Restricted Stock Award.

(i) Permitted Transferee means any Family Member of a Participant or a trust maintained exclusively for the benefit of, or a partnership all of the interests in which are held by, one or more of the Participant and his or her Family Members.

(j) Plan means this 2001 Restricted Stock Plan, as amended or restated from time to time.

(k) Restricted Stock Award means any grant or purchase, at a price determined by the Committee (or for no price), of Common Stock which is nontransferable, except in accordance with Section 8(e), and subject to forfeiture until conditions of performance or continuing employment, directorship, consultancy, and or advisement, specified by the Committee are met.

2. Purpose

The purpose of the Plan is to advance the interests of the Company and its stockholders by strengthening the ability of the Company to attract, retain and motivate key employees, directors, consultants and advisors of the Company by providing them with an opportunity to purchase shares of Common Stock and thus participate in the ownership of the Company, including the opportunity to share in any appreciation in the value of such shares of Common Stock. It is intended that the Plan will strengthen the mutuality of interest between such persons and the stockholders of the Company.

3. Shares of Common Stock Subject to the Plan

(a) Subject to adjustment in accordance with the provisions of Section 3(c) and Section 6 of this Plan, the aggregate number of shares of Common Stock that may be granted or sold pursuant to Restricted Stock Awards under the Plan shall not exceed 400,000 shares.

(b) The shares of Common Stock to be delivered under the Plan will be made available, at the discretion of the Committee, from authorized but unissued shares of Common Stock and/or from previously issued shares of Common Stock reacquired by the Company.

(c) If shares covered by Restricted Stock Awards are forfeited or repurchased, such number of shares will no longer be charged against the limitation provided in Section 3(a) and may again be made subject to Restricted Stock Awards.

4. Administration of the Plan

(a) The Plan will be governed by and interpreted and construed in accordance with the internal laws of the State of Delaware (without reference to principles of conflicts or choice of law). The captions of sections of the Plan are for reference only and will not affect the interpretation or construction of the Plan.

(b) The Plan will be administered by the Committee. The Committee has and may exercise such powers and authority of the Board as may be necessary or appropriate for the Committee to carry out

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its functions as described in the Plan. The Committee shall determine the persons to whom, and the time or times at which, Restricted Stock Awards may be granted and the number of shares subject to each Restricted Stock Award. The Committee also has authority (i) to interpret the Plan, (ii) to determine the terms and provisions of Restricted Stock Award agreements or instruments (which need not be identical), and (iii) to make all other determinations necessary or advisable for Plan administration. The Committee has authority to prescribe, amend, and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee will be final, conclusive, and binding upon all parties.

(c) No member of the Committee will be liable for any action taken or determination made in good faith by the Committee or such member with respect to the Plan or any Restricted Stock Award under it.

5. Terms and Conditions of Restricted Stock Awards.

(a) The Committee shall determine and designate from time to time those persons who are to receive Restricted Stock Awards, and the number of shares covered by each Restricted Stock Award. Each Restricted Stock Award will be evidenced by a written agreement or instrument and may include any other terms and conditions consistent with the Plan, as the Committee may determine.

(b) All shares of Common Stock subject to Restricted Stock Awards granted or sold pursuant to the Plan may be issued or transferred for such consideration (which may consist wholly of services) as the Committee may determine, and will be subject to the following conditions:

(i) The shares may not be sold, transferred, or otherwise alienated or hypothecated, except to the Company, until the conditions imposed pursuant to subsection (c) of this Section 5 have been met or are removed, unless the Committee determines otherwise in accordance with Section 8(e).

(ii) The Committee may provide in the agreement or instrument evidencing the grant of a Restricted Stock Award that the certificates representing shares subject to such Restricted Stock Award will be held in

escrow by the Company or another designated escrow agent until the conditions imposed pursuant to subsection (c) of this Section 5 have been met or are removed.

(iii) Each certificate representing shares subject to a Restricted Stock Award granted or sold pursuant to the Plan will bear a legend making appropriate reference to the restrictions imposed.

(iv) The Committee may impose other conditions on any shares subject to Restricted Stock Awards granted or sold pursuant to the Plan as it may deem, including without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange or securities quotations system upon which such shares or shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares.

(c) Restricted Stock Awards shall be subject to forfeiture or repurchase at their initial purchase price until such time or times, and/or upon the achievement of such predetermined performance objectives, as shall be determined by the Committee and set forth in the agreement or instrument evidencing the Restricted Stock Award. In the event a holder of a Restricted Stock Award ceases to be an employee, director, consultant and/or advisor, as applicable, of the Company, all shares under the Restricted Stock Award that remain subject to restrictions at the time his or her employment, directorship consulting and/or advising relationship terminates will be returned to or repurchased by the Company at their initial price unless the Committee determines otherwise.

(d) Subject to the provisions of subparagraphs (b) and (c) above and any contrary terms of a Restricted Stock Award agreement, the holder will have all rights of a stockholder with respect to the shares covered by Restricted Stock Awards granted or sold, including the right to receive all dividends and other distributions paid or made with respect thereto; provided, however, that the Committee may require that he

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or she shall execute an irrevocable proxy or enter into a voting agreement with the Company as determined by the Committee for the purpose of granting the Company or its nominee the right to vote all shares that remain subject to restrictions under this Section 5 in the same proportions (for and against) as the outstanding voting shares of the Company that are not subject to such restrictions are voted by the other stockholders of the Company on any matter, unless the Committee determines otherwise.

6. Adjustment Provisions.

(a) All of the share numbers set forth in the Plan reflect the capital structure of the Company as of May 12, 2005. Subject to Section 6(b), if subsequent to such date the outstanding shares of Common Stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all the property of the Company, reorganization, recapitalization, reclassification,

stock dividend, stock split, reverse stock split, or other distribution with respect to such shares of Common Stock, or other securities, an appropriate and proportionate adjustment shall be made in (i) the maximum numbers and kinds of shares provided in Section 3, (ii) the numbers and kinds of shares or other securities subject to the then outstanding Restricted Stock Awards, and (iii) the terms of the Company's repurchase rights, if any, as to any Restricted Stock Award.

(b) Adjustments under this Section 6 will be made by the Committee in accordance with the terms of this Section 6. Any determination by the Committee as to what adjustments will be made and the extent thereof, so as to effectuate the intent of this Section 6, will be final, binding, and conclusive. No fractional shares will be issued under the Plan on account of any such adjustments.

7. Effect of a Change in Control

Subject to any provisions of then outstanding Restricted Stock Awards granting greater rights to the holders thereof, in the event of a Change in Control (including a Change of Control which is an acquisition), any Restricted Stock Award still then subject to forfeiture shall fully and immediately vest and any repurchase rights of the Company or an acquiring entity shall expire. The Committee shall have the discretion, exercisable either in advance of a Change in Control or at the time thereof, to provide (upon such terms as it may deem appropriate) for the subsequent termination of one or more of the Company's repurchase rights with respect to Restricted Stock Awards that do not otherwise terminate at that time, in the event that the employment or association of the respective grantees of such Restricted Stock Awards with the Company should subsequently terminate following such Change in Control.

8. General Provisions

(a) Nothing in the Plan or in any instrument executed pursuant to the Plan will confer upon any Participant any right to continue as an employee or director of or as a consultant or advisor to the Company or any of its Subsidiaries or affect the right of the Company or any Subsidiary to terminate the employment, directorship, consultancy and/or advisement relationship, as applicable, of any Participant at any time, with or without cause.

(b) No shares of Common Stock will be issued or transferred pursuant to a Restricted Stock Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges or securities quotations systems upon which the Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant of a Restricted Stock Award, the Company may require the Participant to take any reasonable action to meet such requirements.

(c) No Participant and no beneficiary or other person claiming under or through such Participant will have any right, title, or interest in or to any shares of Common Stock allocated or reserved under the Plan, except as to such shares of Common Stock, if any, that

have been issued or transferred to such Participant.

(d) Except as set forth in paragraph (e) below, no right under the Plan, contingent or otherwise, will be transferable or assignable or subject to any encumbrance, pledge, or charge of any nature.

(e) The Committee may, upon the grant of a Restricted Stock Award or by amendment to any written agreement or instrument evidencing such Restricted Stock Award, provide that such Restricted Stock Award or the shares of Common Stock to which such Restricted Stock Award relates be transferable by the person to whom such Restricted Stock Award was granted, without payment of consideration (and still subject to any otherwise applicable restrictions), to a Permitted Transferee of such person; provided, however, that no transfer of a Restricted Stock Award shall be valid unless first approved by the Committee, acting in its sole discretion.

(f) The written agreements or instruments evidencing Restricted Stock Awards granted under the Plan may contain such other provisions as the Committee may deem advisable.

(g) Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of restricted stock, stock options and other awards other than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

9. Amendment and Termination of Plan

(a) The Board shall have the power, in its discretion, to amend, modify, suspend, or terminate the Plan at any time, subject to the rights of holders of outstanding Restricted Stock Awards on the date of such action, and to the approval of the stockholders of the Company if stockholder approval of an amendment or modification is required by applicable law.

(b) The Committee may, with the consent of a Participant, make such modifications in the terms and conditions of a Restricted Stock Award held by such Participant as it deems advisable.

(c) No amendment, suspension or termination of the Plan will, without the consent of the Participant, terminate, impair, or adversely affect any right or obligation under any Restricted Stock Award previously granted to such Participant under the Plan.

10. Term of the Plan

Unless the Plan shall have been earlier terminated by the Board, Restricted Stock Awards may be granted under this Plan at any time in the period commencing on the date of approval of the Plan by the Board and ending immediately prior to the tenth anniversary of the earlier of the adoption of the Plan by the Board or approval of the Plan by the Company's stockholders. Restricted Stock Awards granted pursuant to the Plan within that period shall not expire solely by reason of the termination of the Plan.